

Major Vows to Fight On After Electoral Rout

Compiled by Our Staff From Dispatches

LONDON — Prime Minister John Major said Friday that he had no excuses for the worst local election result in the history of Britain's Conservative Party but vowed to fight on as its leader until the next election.

"I have never run away from a difficulty in my life, and I don't intend to do so now," Mr. Major, looking calm and determined, told reporters outside his Downing Street office.

In local elections on Thursday, the Conservatives won just 25 percent of the vote, lost almost half the 4,100 seats they were defending and took control of only eight of the 346 councils at stake.

The left-of-center Labor Party rolled up 48 percent of the vote, its best showing for 30 years in the elections throughout England and Wales outside London.

It was the most ominous sign yet for the Conservatives that their 16-year grip will not survive national elections, which must be held within two years.

A similar voting pattern at the next parliamentary election, due by mid-1997, would mean a Labor landslide. Mr. Major's party now has a parliamentary majority of 13.

The Labor leader, Tony Blair, hailed the result as "a turning point in British politics."

"The Tories have nothing new to say and nothing new to offer," he said. "They are directionless and drifting."

The Conservatives suffered from the fallout of tax increases, party divisions over the European Union, business and personal scandals among its members of Parliament and a feeling that after 16 years in power it has run out of ideas.

Mr. Major said he offered no excuses for the result, the latest in a series of major electoral defeats for his party, and sympathized with defeated Conservatives, who had been "the victims of national sentiment."

"We have had to take some very difficult decisions," he said. "I am prepared to defend the policies I have adopted. I will continue to do so up to and through the election, which I believe we will win."

While some defeated local councillors called for Mr. Major to step down, there was no immediate sign of pressure building up among Conservative MPs to replace him.

Under party rules, any challenge to him must wait until November, 18 months before the last possible date for a general election, when 33 Conservative MPs would have publicly to demand a contest.

With results declared from 327 of the 346 councils at stake in England and Wales, Labor controlled 147 councils, the Conservatives 8, and the centrist Liberal Democrats 43. Among the rest, no party had overall control.

Labor had gained control of 35 new councils and nearly 1,300 seats, while the Conservatives lost 53 councils and 1,700 seats. (Reuters, AP)



Tony Blair, the Labor leader, and his wife, Cherie, enjoying the news on election night.

In Croatia, a Picnic for Captives and Disdain for UN

By John Pomfret
Washington Post Service

VARAZDIN, Croatia — For the prisoners, it was a surreal picnic. Bread, tea, cottage cheese, cigarettes and juice — lunch on the lawn for captured Serbs. Croatian girls in spring dresses, just out of school, sat beside the men. A band played a funeral march in a cemetery across the way.

Croatia was trying to show Friday that it could be magnanimous in victory and treat captured Serbs well. Officials from the Croatian Defense Ministry fanned out among the prisoners and told them they were welcome to stay in Croatia.

But Predrag Zec was shaking with fear. As he sat in the inconspicuously peaceful setting, surrounded by chirping birds and caressed by a spring breeze, the 23-year-old Serbian fighter re-

membered tales his grandparents had told him of World War II and concentration camps run by pro-Nazi Croatian fascists.

"I'm afraid of what might happen to me," he said, looking behind him for signs of eavesdropping Croatian police officers guarding the Serbs outside a local sports hall where they were being interrogated.

But something more than Mr. Zec's fear raised questions about the sincerity of the Croatian government.

He and more than 1,000 other Serbian fighters surrendered to Croatian Army forces on Tuesday after Croatia's highest victory since a 1991 war against rebel Serbs. Under a deal worked out with the United Nations, Mr. Zec and his comrades handed in their arms with the assumption that they would be moved to relative safety in Serbian-held territory in Bosnia in an operation supervised by the United Nations.

But late Thursday that deal collapsed when the Croatian government changed its mind.

Once the Serbs were disarmed, Croatian troops violated the agreement by moving into villages around Pakrac, a scene of heavy fighting earlier in the week. Late Thursday night, they lined up more than 1,000 fighters and sped them away in buses to three detention centers in Croatia. One of them was here in Varazdin.

The UN Security Council sharply rebuked Croatia on Thursday for rounding up Serbian civilians.

"It's hard to escape the conclusion that what they did was really cynical," said a Western official, speaking of the government move. "They saw this as an opportunity of using us to disarm these guys and then moving in to search for whom ever they wanted to find."

(European Union monitors cleared the Croatian Army on

Friday of allegations that it had mistreated defeated Serbian soldiers. Reuters reported from Zagreb. The EU monitors dismissed earlier reports by UN officials that the Croatian Army had abused Serbs who fought on after a cease-fire was agreed on Thursday but then surrendered.)

To decide to break the agreement, Croatia showed that it did not need the UN mission to legitimize the recapture of about 500 square kilometers (200 square miles) of territory held by rebel Serbs since 1991. In searching itself for "war criminals," it implied that it did not expect the International War Crimes Tribunal in the Hague to do its job.

"We've got to do all of this by ourselves," said a senior official from the Defense Ministry.

"No one's going to help us." Only European Union officials were allowed by the Croatian government to monitor

the transfer and interrogation. "We're telling the UN they're no longer needed here," said the Croatian official. "They've done nothing really. Why should we pay any attention to them?"

But to Mr. Zec and the other fighters on the grass in front of the School Sports Center in this northern Croatian town, the UN mission was their only hope.

"Up until now everything has been O.K., no beatings," said Celo Vidic, 37, from a village near Pakrac that was overrun earlier this week. "But maybe it's because Western journalists are here. What happens when you leave and there's no United Nations? Nobody will see us then."

Russian Said To Bump Aid For Furniture

Agence France-Press

MOSCOW — The speaker of Parliament's lower house arranged to have personal furniture flown to Russia from the United States on a special flight, instead of a cargo of humanitarian aid for needy children, a newspaper reported here Friday.

The speaker of the State Duma, Ivan Rybkin, bought the furniture outside Washington, and the Russian Embassy arranged for it to be loaded free of charge onto a special plane.

A member of the 57-member delegation accompanying Mr. Rybkin on his visit to the United States ordered a Russian Embassy official to leave behind 106 crates packed with children's clothes and toys and instead load Mr. Rybkin's furniture onto the plane, the paper said.

Chechens Deny Plans To Disrupt V-E Day

Reuters

GROZNY, Russia — Separatist rebels in Chechnya shot down a Russian plane on Friday and denied allegations they were planning major attacks to coincide with Victory in Europe celebrations next week.

A statement from the Chechen general staff, read out over the telephone, said rebels would keep fighting to a minimum when around 50 world leaders attended ceremonies Tuesday in Moscow to mark the anniversary.

"The general staff states officially that no special combat operations have been planned or are being planned" for May 9, said the statement, read by Movladi Udugov, the chief Chechen spokesman.

The statement accused Russian troops of violating a unilateral moratorium the Kremlin had declared until May 12 and said "wide-scale" combat was continuing in Chechnya.

A senior Russian commander told the Interfax press agency that his troops were planning "many surprises" for the rebels, who have infiltrated Grozny, the shattered capital, since it fell in February.

Rebels shot down a Russian plane near the eastern village of Serzhent-Yurt while it was on a reconnaissance flight, the Interfax press agency quoted military sources as saying.

Mr. Udugov confirmed a plane had been downed and said the pilot was killed.

Russian helicopter gunships raided the rebel-held village of Bamut in western Chechnya on Friday and artillery pounded it during the night, witnesses said. They said Russian troops had looted and destroyed houses.

Clinton Sees Activist

President Bill Clinton has met with a key Russian rights activist who described horrors of the war in Chechnya and urged Mr. Clinton to press the matter next week in Moscow, Agence France-Press reported from Washington.

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Drink Up, but Stick to Wine

By Jane E. Brody
New York Times Service

NEW YORK — Another large study has highlighted the potential benefits of alcohol to health and longevity. But unlike previous studies, this one showed that only wine, not beer or hard liquor, was associated with a longer life and that its apparent protective effect was far greater than had been found elsewhere.

The 12-year study, conducted among more than 13,000 men and women aged 30 to 70 who participated in the Copenhagen Heart Study, revealed that those who drank wine daily were much less likely to die during the study period than those who drank beer or hard liquor or no alcohol at all.

The greatest benefit, a 49 percent reduction in mortality, was associated with drinking three to five glasses of wine a day, considerably more than the one to two drinks a day generally recommended by American health experts.

Among the Danes who consumed one to two glasses of wine a day, there was also a significant but lesser reduction in deaths.

American researchers familiar with the study challenged its conclusions and cautioned against increasing alcohol intake — whether as wine or any other beverage — above two drinks a day.

The findings were to be reported Saturday in The British Medical Journal by a research team led by Dr. Morten Gronbaek of the Danish Epidemiology Science Center in Copenhagen. The study, begun in 1976, was financed by the Danish National Board of Health.

As has been found in many other studies, the greatest benefit to wine drinkers was a decreased risk of dying of cardiovascular diseases — coronary heart disease and strokes caused by blood clots.

As in previous studies, among those who consumed three to five drinks of hard liquor a day, the death rate due to all causes rose, in this case to a third higher than the death rate among those who drank no hard liquor.

But unlike the vast majority of previous studies, the new Danish study did not reveal a significant life-prolonging benefit from drinking moderate amounts of beer or liquor.

BRIEFLY EUROPE

Court Upholds U.K. Seizure of Jet

STRASBOURG — The European Court of Human Rights rejected on Friday charges by Air Canada that Britain had illegally seized one of its planes after finding drugs hidden on board.

The court, in a 5-to-4 ruling, said that there had been no violation of the company's rights to ownership after customs officials seized the jet at Heathrow Airport in 1987.

Air Canada had contended that Britain had no right to seize the plane, since the airline was unaware that smugglers had hidden 330 kilograms (730 lbs) of cannabis resin aboard. Air Canada also objected to being required to pay £50,000 (\$80,000) to get the plane back.

But the court found that the British action "conformed to the general interest in combating international drug trafficking." It also said that the seizure of the aircraft had not involved a transfer of ownership. (Reuters)

Spanish Farmers Call for a Boycott

MADRID — Spanish farmers said Friday that they were preparing a nationwide boycott of French products in response to what they called "coercive aggression" against Spanish agricultural produce.

The farm group ASAJA said that in addition to attacks on Spanish produce in transit and in storage, French farmers had mounted a "blackmail" campaign against French distributors, who had since stopped buying from Spanish farmers.

"The most effective method to combat these aggressions against our products is a generalized and global boycott by Spanish consumers of any product with a French label," the group said. (Reuters)

More Woes for Milan Magistrates?

ROME — The magistrates whose investigations into graft toppled Italy's old political class were in the eye of a new storm Friday after a report that they faced disciplinary action. Commentators said the dispute could further weaken the Milan-based magistrates, who face political challenges to their work amid a drop in public interest in the so-called "clean hands" investigations.

Tiziana Maiolo, a supporter of former Prime Minister Silvio Berlusconi who heads the Parliament's Justice Commission, said she had learned that disciplinary action against four magistrates had been ordered by Justice Minister Filippo Mancuso.

She said the magistrates, including Milan's chief prosecutor, Francesco Saverio Borrelli, were alleged to have intimidated Justice Ministry inspectors sent in by the Berlusconi government to examine their investigative methods.

Mr. Mancuso's office declined to comment on her statement. "The result is to throw more shadows of illegitimacy on the Milan Public Prosecutor's Office," the Milan newspaper Corriere Della Sera said. "It's easy to imagine what that means for investigations now under way." (Reuters)

German Neo-Nazi Group Banned

POTSDAM, Germany — A neo-Nazi organization called Direct Action-Middle Germany was outlawed Friday after officials deemed it could resort to terrorism.

The group, which has 70 known members, had been giving fascist ideological training to youths, Brandenburg state officials said.

"This association glorifies the National Socialist regime and has racist, anti-Semitic and totalitarian thoughts," said the state interior minister, Alwin Ziel. He added that the group "orients itself against the constitution" and that some members had expressed support for the use of terrorist tactics. (AP)

RELIGIOUS SERVICES

RELIGIOUS SERVICES

AMSTERDAM	FRANKFURT	BREMEN	MUNICH
CROSSROADS INTERNATIONAL CHURCH (Interdenominational & Evangelical) Sunday Service 10:30 a.m. & 11:30 a.m./Kids Welcome. De Cuskenstraat 3, S. Amsterdam. Tel. 020-4013516 or 020-4013593.	CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. St. Elizabeth's St. 22, 60323 Frankfurt, Germany. Tel. 49-69-64-81-54.	I.B.C. (English language) meets at Evangelisch-Friedrichshagen Kreuzenberger, Hohenzollernstrasse 10, 28199 Bremen. Tel. 0471-12877.	I.B.C. OF MUNICH, Hosts: 9 English Language Services. Bible study 10:30. Worship Service 11:00. Pastor's phone: 890834.
FRANCE/TOULOUSE	GENEVA	BUCHAREST	NUERNBERG
HOPE INTERNATIONAL CHURCH (Evangelical) Sun. 8:30 p.m. St. Helier Hotel, Toulouse-Blagnac Airport. Tel. 05-24-51-18.	EMMANUEL CHURCH, 1st, 3rd & 5th Sun. 11 a.m. Eucharist & 2nd & 4th Sun. Morning Prayer, 3 rue de Monthoux, 1201 Geneva, Switzerland. Tel. 41-22-732-8078.	I.B.C., Strada Popa Rusu 22, 3:30 p.m. Contact Pastor Mike Kemper. Tel. 312-3860.	International Baptist Church - English Language - meets 11 a.m. Sundays Angersstrasse 14, Fuerth. For information call 09101-6360.
KIEV	LUCERNE	BUDAPEST	PRAGUE
INTERNATIONAL CHRISTIAN ASSEMBLY (A.O.G.) Sunday 10:30 a.m., 16 Khreshchak Street, Pastor Eldon Brown (7044) 244-3376.	AT CHRISTUSKIRCHE Museggstr. Sun. 11 a.m. Morning Worship with Holy Eucharist. For details see local newspapers. Tel. 41-41-22-13-67.	I.B.C. meets in Monks Zsigmond Gimnazium, Toklovezs Ut 48-54, Sundays, 10:30 a.m. Office Fellowship, 10:30 a.m. Tel. 361-11 from Bathanyia ter. Other meetings, call Pastor Bob Zindler. Tel. 0211-400-157.	INTERNATIONAL BAPTIST FELLOWSHIP meets at the Czech Baptist Church Vinohradska 1, 68, Prague 3. At metro stop Jirchov Podestrad 9:30 a.m. 11:00 a.m. Pastor: Bob Ford (02) 311-7974.
MUNICH	MUNICH	BULGARIA	WATERLOO
INTERNATIONAL COMMUNITY CHURCH, Evangelical Bible Believing, services in English 4:30 p.m. Sundays at Eubankstr. 10 (U2 Theresienstr.) (089) 850-8817.	THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School. Nursery, care provided. St. Elizabeth's, 4, 81545 Munich (Hartshausen), Germany. Tel. 49-89-64-81-85.	I.B.C., World Trade Center, 36, Drahov Tzarshov Blvd. Worship 11:00. James Duke, Pastor. Tel. 704-3637.	WATERLOO BAPTIST FELLOWSHIP Worship 10:40 at Swedish Church, Chaussee de Charleroi 2 across from McDonalds. Tel. 055-225078.
PARIS and SUBURBS	CELLE/HANNOVER	DÜSSELDORF	ZÜRICH - SWITZERLAND
EMMANUEL BAPTIST CHURCH, 58 Rue des Bains-Helms, Rueil-Malmaison. An Evangelical church for the English speaking community located in the western suburbs. S.S. 9:45; Worship: 10:45. Children's Church and Nursery. Youth ministries. Dr. B.C. Thomas, pastor. Tel. 47-51-29-83 or 47-48-15-29 for information.	I.B.C., Windmolen Strasse 45, Celle 3930 Germany. Tel. 05141-4616.	I.B.C., World Trade Center, 36, Drahov Tzarshov Blvd. Worship 11:00. James Duke, Pastor. Tel. 704-3637.	I.B.C. of Widenau (Zürich), Rosenbergrasse 4, 8080 Widenau, Switzerland. Services Sunday mornings 11:00. Tel. 1-724-2882.
HOPE INTERNATIONAL CHURCH (Evangelical) Sun. 9:30 a.m. Hotel Orion, Metro 1: Esplanade de La Defense. Tel. 47-73-53-54 or 47-73-14-27.	ROME	EUROPEAN BAPTIST CONVENTION	BERLIN
THE SCOTS KIRK (Presbyterian) 17 rue Bayard 75008 Paris. Tel. 47-51-29-83 or 47-48-15-29 for information.	ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist. 10:30 a.m. Choral Eucharist. 11:15 a.m. Holy Eucharist and Sunday School. 263 Chaussee de Louvain, Chateaufort, Belgium. Tel. 32-2-384-3558.	I.B.C. OF BARCELONA, For information about services and Bible studies call Pastor Lance Borden, 439 50 50.	AMERICAN CHURCH IN BERLIN, one of City Area & Protestant Church, 2, 10115 Berlin. Tel. 030-9130221.
TOKYO	BRUSSELS/WATERLOO	WIESBADEN	COPENHAGEN
ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near Kichibashi St. Tel. 3201-3740. Worship Service: 9:30 a.m. Sundays.	ALL SAINTS CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School. 263 Chaussee de Louvain, Chateaufort, Belgium. Tel. 32-2-384-3558.	THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurt Strasse 3, Wiesbaden, Germany. Tel. 49-611-30-6674.	INTERNATIONAL CHURCH OF Copenhagen, 10115 & 10116. Tel. 3182-4785.
THE EPISCOPAL CHURCHES OF EUROPE (Anglican)	BONN/KÖLN	HOLLAND	FRANKFURT
PARIS and SUBURBS	I.B.C. OF BONN/KÖLN, Rheinstrasse 9, Köln. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel. (02236) 47021.	TRINITY INTERNATIONAL invites you to a Christ centered, loving fellowship. Worship Service 10:30 with nursery. Bloomerstrasse 54, Wiesbaden 07151-78-02.	INTERNATIONAL BAPTIST CHURCH - English language services Sun. 10:30 a.m. 6 p.m. (Sun. School 9:30 a.m.) Gestaltstrasse 54b, Endhoven. Info 040-542231/839965.
THE AMERICAN CATHOLIC OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evening song. 23, avenue George V, Paris 75008. Tel. 33-1-20 17 92. Metro: George V or Alma Marceau.	BRATISLAVA	MADRID	GENEVA
ST. JAMES CHURCH, Sun. 9 a.m. 11 a.m. & 11 a.m. II. Via Bernardo Rucellai 9, 50123, Florence, Italy. Tel. 3955 29 44 17.	I.B.C. (English language, evangelical) Zimkeko 2, 12:30 Sunday - Ben Hanna. Tel. 715367.	IMMANUEL BAPTIST, MADRID, HERNANDEZ DE TEJADA, 4. ENGLISH SERVICES 11 a.m., 7 p.m. Tel. 407-4347 or 308-9717.	EV. LUTHERAN CHURCH of Geneva, 20 rue Voltaire, Sunday worship 9:30. In German 11:00 in English. Tel. (022) 310-5030.
FLORENCE	ST. JAMES CHURCH	MOSCOW	PARIS
ST. JAMES CHURCH, Sun. 9 a.m. 11 a.m. & 11 a.m. II. Via Bernardo Rucellai 9, 50123, Florence, Italy. Tel. 3955 29 44 17.	I.B.C. (English language, evangelical) Zimkeko 2, 12:30 Sunday - Ben Hanna. Tel. 715367.	I.B.C. Meeting 11:00; Kino Center Building 15 Druzhinskoye Ul. 5th Floor, Hall 6. Metro Station Bankovskaya. Pastor Brad Sawyer. (Moscow) 150-3293.	AMERICAN CHURCH IN PARIS, Worship 11:00 a.m. 6:30 a.m. Quai d'Orsay, Paris 7. Bus 69 at door. Metro Alma-Marceau or Invalides.
VIENNA	ZÜRICH	INTERNATIONAL PROTESTANT ASSEMBLY	INTERNATIONAL PROTESTANT ASSEMBLY
VIENNA COMMUNITY CHURCH, Sunday worship in English 11:30 A.M., Sunday school, nursery, international, all denominations welcome. Dorotheergasse 16, Vienna 1.	INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m. Schanzengasse 25. Tel. (01) 2525525.	INTERNATIONAL PROTESTANT ASSEMBLY, 65, Quai d'Orsay, Paris 7. Bus 69 at door. Metro Alma-Marceau or Invalides.	INTERNATIONAL PROTESTANT ASSEMBLY, 65, Quai d'Orsay, Paris 7. Bus 69 at door. Metro Alma-Marceau or Invalides.

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TRAVEL UPDATE

Brussels Flights Disrupted by Strike

BRUSSELS (Reuters) — Flights in and out of the Brussels airport were delayed or canceled because of a two-hour strike by air traffic controllers on Friday, and another work stoppage was expected later in the day.

Belgian air traffic controllers stopped work from noon to 2 P.M. and said earlier that another two-hour strike was likely. In February, controllers held several twice-daily two-hour strikes that resulted each time in 100 to 150 flights being delayed or canceled at Brussels' airport.

A spokesman for the air controllers said that their demands included requests for higher grades but that they were not asking for higher pay.

Britain sweltered in unseasonably high spring temperatures Friday, and the heat and a lack of wind sent air pollution readings soaring. Temperatures in parts of the country rose to about 27 degrees centigrade (80 degrees Fahrenheit) for the second day in a row. Hospitals in urban areas issued warnings to asthma sufferers and the elderly. (Reuters)

Swissair suspended flights to Zagreb after the Croatian capital's airport came under fire. The airline said its daily flights between Zurich and Zagreb would be diverted to the Slovenian capital, Ljubljana, with passengers traveling to and from Zagreb by bus. (AP)

The largest airport in southern Russia, at Rostov-on-Don, was shut down Friday for four hours, stranding thousands of passengers, because it had failed to pay the weather service, the Interfax press agency reported. (AP)

Correction

An article in some editions of May 5 incorrectly listed President Bill Clinton's schedule for ceremonies commemorating the end of World War II in Europe. Mr. Clinton will take part in ceremonies in Moscow, while Vice President Al Gore will participate in those in London, Paris and Berlin.

Close Clinton Adviser Is Focus of Whitewater Inquiry

By Ann Devroy
and Susan Schmidt
Washington Post Service

WASHINGTON — Bruce Lindsey, the White House lawyer who is one of President Bill Clinton's closest friends and advisers, was notified in February that he was a "target" of the Whitewater independent counsel, sources said.

Confirmation of such notification added new force to signals that the independent counsel was focusing his attention on Mr. Lindsey and his role as treasurer of Mr. Clinton's 1990 gubernatorial campaign in Arkansas.

A former Arkansas bank official who is cooperating with federal prosecutors is prepared to tell a grand jury that Mr. Lindsey and others

asked him to conceal from the Internal Revenue Service large cash withdrawals by the campaign, according to a source close to the inquiry. Mr. Lindsey has denied any wrongdoing.

Mr. Lindsey has served Mr. Clinton for most of his political life. In the White House, he officially serves in the counsel's office, but he has a far broader role, frequently traveling with the president as a troubleshooter and aide-de-camp and offering him political advice.

White House officials said Thursday that Mr. Clinton had been kept informed of the status of the investigation. The president retains confidence in Mr. Lindsey, they said, and would not ask him to step aside before the investigation was resolved.

"The president has known of the status of the Lindsey inquiry for some time and is convinced

he has done nothing wrong," said the White House press secretary, Michael McCurry.

Mr. McCurry declined to confirm that Mr. Lindsey had received a letter from the independent counsel. He said that in the Clinton administration such a notification would not require an official to step aside. The investigation of Mr. Lindsey, he said, "relates to matters that occurred years ago and are unrelated to his work at the White House."

Lawyers said federal prosecutors send "target" letters to individuals to warn them they could be subject to indictment.

Sending the letter does not mean an indictment is inevitable, and numerous defendants in criminal cases have been indicted without receiving such letters. But lawyers said such a letter was evidence of an intent to prosecute.

Prosecutors are faced with a May 25 statute-of-limitations deadline, so White House aides have known for some time that Whitewater charges could be brought this month.

On Tuesday, Neil Ainsley, an Arkansas banker, pleaded guilty to misdemeanors, and investigators said he would tell a grand jury that Mr. Lindsey and others instructed him not to report the campaign's cash withdrawals to the IRS.

Mr. Lindsey's lawyer said that any allegations that Mr. Lindsey instructed Mr. Ainsley to avoid filing proper documents were "absolutely wrong" and that he had violated no laws and done nothing wrong in his handling of the Clinton campaign's finances.

In addition, the White House counsel, Abner J. Mikva, strongly defended Mr. Lindsey this week, saying he expected he would stay in his job.



CHANGE OF HEART — The president emeritus of Cornell University, James A. Perkins, patting Thomas W. Jones' arm after he named a prize for racial understanding for Mr. Perkins. Mr. Jones led a black-student rebellion in 1969 that forced the president to quit. Now he credits Mr. Perkins for crafting early drives to enroll blacks.

Away From Politics

• A man described as a "narco-terrorist" and convicted in a 1989 bomb attack on a Colombian jetliner was sentenced in New York to 10 life prison terms. The Avianca flight blew up over Bogotá on Nov. 27, 1989, killing 110 people. Dandany Muñoz-Mosquera was portrayed at his trial as a hired killer and drug smuggler in the Medellín ring. (AP)

• After revoking decorations for valor last month for three servicemen involved in the accidental killing of an American soldier during the Gulf War, the U.S. Army rescinded Bronze Stars to the three for the same incident, citing "meritorious achievement." (WP)

• The average length of a hospital stay for women who have delivered babies dropped from 4.1 days in 1970 to 2.6 days in 1992, and the decline has not stopped, the Centers for Disease Control and Prevention reported. Cost-conscious insurance companies are urging doctors to send women home sooner after giving birth, health officials said, and some worry that women are unaware of possible complications. (AP)

• Alternative Energy Inc. will donate \$20 million to Choate Rosemary Hall, a Connecticut preparatory school, the company said. The school said the gift from the Bangor, Maine, company was the largest unrestricted donation ever to a private secondary school. (AP)

Simpson Judge Gets Impatient

Jurors 'Rolling Their Eyes' Over Repetition

The Associated Press

LOS ANGELES — Jurors in the O. J. Simpson murder trial are so weary of repetitious questions that they're "rolling their eyes," the judge said Friday during a testy exchange with a prosecutor.

Superior Court Judge Lance A. Ito, who has shown increasing impatience with the pace of the trial since a juror revolt last month, lashed out at a prosecutor for his line of questioning of a police crime-lab official.

Gregory Matheson, an assistant lab director in his fifth and final day of testimony, was questioned repeatedly Friday about why blood may have been missing from a vial of blood that Mr. Simpson gave the day after the murders of Nicole Brown Simpson and Ronald L. Goldman.

The defense contends some of that blood may have been planted on a sock found at Mr. Simpson's house and on a gate at the murder scene. As evidence, the defense says the sock and gate blood may contain signs of a preservative chemical used on Mr. Simpson's blood in the vial.

"Our experts have looked at the FBI results and have said it's present," Robert Blasier, a defense attorney, said during a hearing outside the jury's presence, referring to the tests for the preservative.

The prosecution says there is no presence of the preservative. "In reading the FBI report, that is what it says," said the prosecutor, Hank Goldberg. In front of the jury, Mr.

Matheson, as he has several times this week, said that inaccurate measurements and discarded blood would account for the missing blood. He illustrated this by showing measuring devices to the jury and by giving the results of his own reconstruction of the handling of Mr. Simpson's blood vial.

The usually well-groomed jury dressed casually for Friday's session. Most of the jurors wore T-shirts bearing the logo of a pizza restaurant where they have eaten.

Throughout the testimony, Judge Ito complained that Mr. Goldberg was wasting time, saying at one point that an issue had been addressed "like six times." Mr. Goldberg pressed on, yet many of his questions were ruled objectionable as repetitious and argumentative.

The dispute came to a head during a hearing outside the jury's presence in which Mr. Goldberg complained that he was not being allowed to ask the same kind of question that the defense was allowed to ask on Thursday.

"I don't know if you're watching the jury at all, but they're rolling their eyes every time we get to the fifth or sixth question that's been re-asked and asked again," said Judge Ito.

Mr. Goldberg tried to argue further, saying, "Your honor, if the court were going to..."

But Judge Ito cut him off in mid-sentence. "We're in recess," the judge said, leaving the bench.

The judge ultimately backed down, allowing Mr. Goldberg to ask the question he wanted to.

Judge Ito has made no secret of his disgust over the pace and nature of the trial, as illustrated by a sharp comment he made Thursday to Mr. Goldberg and Mr. Blasier.

"Mr. Goldberg, not an appropriate question. Mr. Blasier, not an appropriate objection, and you guys created that problem by doing that in the first place anyway, so knock it off," said Judge Ito, according to a transcript. The judge did not reveal what "that problem" was.

On Thursday, Mr. Matheson slipped in testimony that could debunk Mr. Simpson's mysterious theory.

Those results, if believed by the jury, contradict the defense contention the fingernail blood belong to a killer the police have yet to find.

The results also could render moot many tedious hours of testimony by Mr. Matheson over whether the less-sophisticated conventional serology tests conducted on the blood were accurately interpreted. Those tests, Mr. Matheson testified, show the blood matched neither Mr. Simpson's nor the victims'.

Liability Caps Stall in the Senate

WASHINGTON — A rebellious Senate blocked passage of legislation to limit punitive damages in all civil lawsuits, dealing a blow to Republican efforts to overhaul the nation's civil litigation system.

Republicans vowed to salvage at least some of the bill but conceded they may have to settle for curbs on product-liability awards, as originally proposed before they expanded the legislation to cover all civil litigation.

In an embarrassing defeat Thursday for the majority leader, Bob Dole of Kansas, Republicans fell 14 votes short of the 60 needed to cut off debate on the measure and force a vote on final passage. They failed even to get a majority, losing by votes of 46-53 and 47-52 in back-to-back roll calls.

The votes came shortly after President Bill Clinton issued a strongly worded statement, saying the bill might be called the "Drunk Drivers Protection Act" and vowing to veto it unless major changes were made. At the least, he said, the Senate "should remove damage caps on lawsuits involving drunk drivers, murderers, rapists and abusers of women and children, perpetrators of the environment like the Exxon Valdez and perpetrators of terrorist acts and hate crimes."

The president said he favored "product-liability reform at the federal level" but said it "must fairly balance the interests of consumers with those of manufacturers and sellers." Republicans denied that Mr. Clinton's statement influenced the vote but acknowledged he had scored political points. (WP)

Nominee Hearings, by the Script

WASHINGTON — The confirmation hearings of the candidate for the post of surgeon general, Dr. Henry W. Foster Jr., 61, highlighted again the often tortuous process of winning Senate approval to serve in government.

As the proceedings demonstrated this past week, hearings on troublesome nominees are less about eliciting new information or clarifying confusion and more about scoring political points — pro and con.

"There's no question that Foster's nomination is about a larger set of political battles in this country," said Thomas Mann, a congressional scholar at the Brookings Institution. "It was all scripted. Most of the senators' positions were determined in advance. There are large forces from the outside driving them."

Like dueling attorneys in a criminal trial, most of Dr. Foster's interrogators led the witness where they wanted him to go — and by extension showed their biases for or against the obstetrician-gynecologist. With few exceptions, members of the Senate Labor and Human Resources Committee either laid out damaging material and challenged Dr. Foster to rebut it, or presented flattering information and offered him a chance to nod in agreement.

He is caught in the middle of the abortion debate, whose combatants have put his nomination in the spotlight. (WP)

Clinton Gets Flak on Another Post

WASHINGTON — The White House is preparing to nominate as national archivist a former Kansas governor who helped in the 1992 Clinton campaign, officials said, despite vehement opposition by historians and archivists.

The candidate, John W. Carlin, 54, has been among the top candidates to head the troubled National Archives and Records Administration, and is supported by Mr. Dole, a Kansas. Critics say Mr. Carlin has neither the qualifications nor the skills to deal with the challenges facing the archives and that the appointment of someone with ties to the Clinton campaign could create partisan conflict within the agency. (NYT)

Quote / Unquote

Senator Nancy Landon Kassebaum, Republican of Kansas and chairman of the Labor and Human Resources Committee, on the confirmation process of cabinet nominees, such as Dr. Foster: "I wish we could find a better means of doing it. It's a terrible ordeal." (WP)

A Grim Search Ends in Oklahoma City

Compiled by Our Staff From Dispatches

OKLAHOMA CITY — After 16 days of digging through the rubble of the federal building, rescue workers finished their grim search Friday, even though all the victims had not been found, officials said.

The bombing on April 19

killed 167 people, including a nurse who died during the rescue and two adults who were still missing, Assistant Fire Chief Jon Hansen said. Nineteen of the victims were children.

"To the best of our ability we have turned over every stone we

could that the building would allow," he said. "We had a point when we knew it was as far as we could go. Everybody just looked up and decided that was it."

The last body was removed Thursday.

Among the 20 or so bodies uncovered on the last day of the search were those of three infants who had been in a daycare center on the building's second floor. Identities of the victims, and the names of the two missing, were not released.

"The biggest sigh of relief went up when we found the last baby," said Gibbs Hammond, a chaplain with the Knoxville, Tennessee, fire department. "They wanted to find those three babies worse than anything."

The search became so grim at times that rescue workers looked for blood-soaked insulation to guide them to the bodies. Some carried out bodies so mangled that they were not recognizably male or female.

Fire fighters cut some of the yellow tape strung around the scene, reducing the security zone around the building. Workers with heavy equipment cleared debris from damaged structures nearby.

The nine-story Alfred P. Murrah building, devastated by the truck bomb, will be turned over to the FBI and police to complete their investigation of the case.

The fate of the building is still undetermined. The General Services Administration, which manages federal buildings, is discussing options, including rebuilding on the site or a memorial park, Mayor Ron Norick said.

The FBI, which has been combing the debris, expects to finish its search soon, a spokesman said.

In a commencement address Friday at Michigan State University, President Bill Clinton lashed out at the extremist "militia" movement, calling those who advocate violence against federal workers "un-American."

"How dare you call yourselves patriots and heroes?" he said. "If you say violence is an acceptable way to make change, you are wrong. If you say the government is in a conspiracy to take your freedom away, you are just plain wrong."

Mr. Clinton added: "This is a very free country. Those of you in the militia movement have broader rights here than you would in any other country in the entire world."

Timothy McVeigh, 27, who has been linked to right-wing paramilitary militia groups, is the only person so far charged with the bombing.

Carl Stoehr, a former employee at a hardware store in Kingman, Arizona, said he told agents that Mr. McVeigh bought a 50-pound bag of ammonium nitrate fertilizer — a component of the Oklahoma City bomb — from the store sometime between February and April 1994, when Mr. McVeigh worked there.

Mr. Stoehr also said that a few days after that purchase he discovered the remaining supply of ammonium nitrate — three bags — was gone. (AP, NYT, Reuters)

AMERICAN TOPICS

Fluoride Helps Teeth To Chomp a Lifetime

False teeth are rapidly becoming a thing of the past. Science has advanced so far, so rapidly, that most of the "fluoride generation" can expect a life without losing teeth to disease or decay.

Linda Niessen of the Baylor College of Dentistry told a conference of the American Medical Association.

She said people born after 1946 had spent virtually their whole lives benefiting from fluoride. The tooth-protecting chemical has been applied in dentists' offices or added to toothpaste and community water supplies for about 50 years.

The result, Dr. Niessen said, has been a steep reduction in the number of people who lose teeth to decay. And dental science, she said, also has learned to control periodontal, or gum, disease, the other major cause of tooth loss.

Old age, she said, is no longer a reason to lose teeth.

"No one has lost a tooth because they have their 70th birthday," said Dr. Niessen. "They lose teeth because of disease, which is now preventable."

Short Takes

As the suburbs of Scottsdale, Arizona, march relentlessly toward the foothills of the rugged McDowell Mountains, the city of 165,000 is moving to preserve its heritage from suburban sprawl. It plans to raise a special tax that would raise \$240 million over the next 30 years to buy the entire 26-square-mile range from private owners. The tax increase would average \$20 a year per family. Mayor Herbert Drinkwater, leading the

campaign, says, "Once they're gone, they're gone."

A California appeals court overturned a man's sexual-assault conviction because a juror with an IQ of 66 was judged incapable of understanding trial proceedings. The court in Fresno ordered a new trial for Randall Baine Pierce, who had been sentenced to 14 years in prison. The juror's mental ability was not disclosed in pre-trial questioning. In a post-trial hearing, however, a psychologist said the woman had a short attention span, was unable to fully understand testimony and lived in a supervised home.

The cat's whiskers: that's what souvenir hunters have been going for wherever Fernando Botero's 11-foot, 2,500-pound bronze sculpture "The Cat" has gone on display. The screw-on whiskers have been unscrewed in Paris, New York and elsewhere, most recently the Fort Lauderdale Museum of Art in Florida. So now, wherever "The Cat" goes, so goes an extra box of bronze whiskers, each about 3 inches long. "We've already run out of spares," a spokesman said. "You try to keep an eye on it, but it's designed so that people can come up and touch it. People want a souvenir, I guess."

When thick smoke filled the cabin of a Northwest Airlines plane 30,000 feet (9,000 meters) over North Dakota, Jeff Shrouds turned to his girlfriend, Jody Nichols, and proposed marriage. Miss Nichols accepted. "If things got really bad, I thought the captain could marry us on the way down if we were going to crash," he said. The plane made an emergency landing in Bismarck and no one was injured. Northwest officials said the smoke apparently came from an overheating air-conditioning unit on the Airbus 320. International Herald Tribune.



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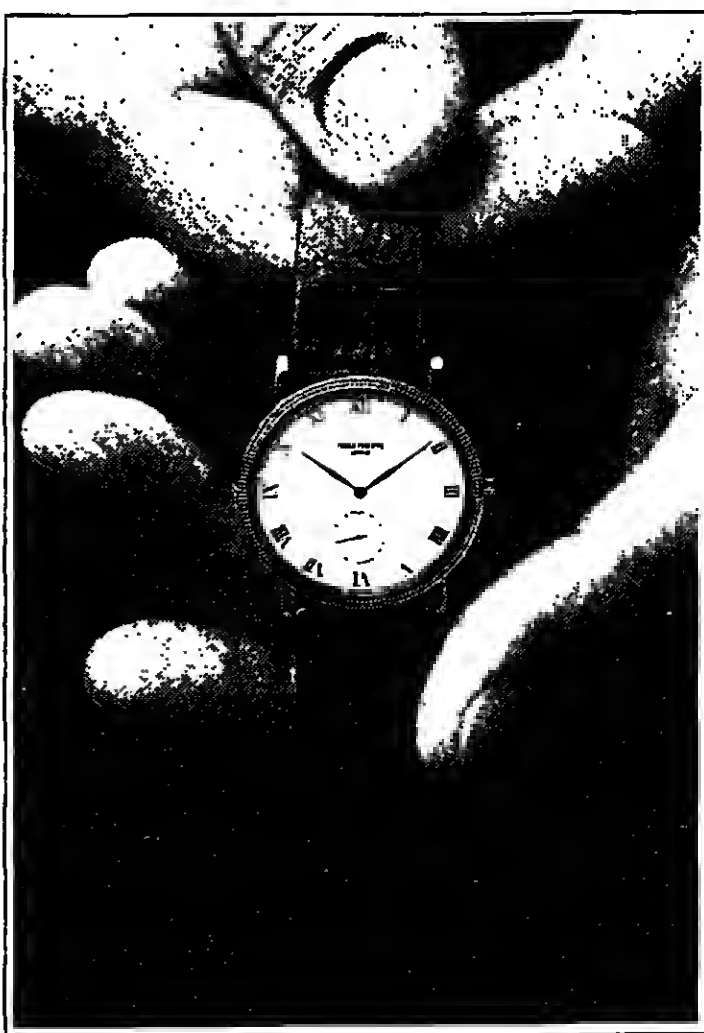
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Alexander Zemlin/Associated Press
President Yeltsin retrieving the Order of Zhukov after it fell the first time from General Abramov's uniform.

An Ornate Medal Ceremony Proves Touchy for Yeltsin

MOSCOW — President Boris N. Yeltsin awarded Russia's highest military honor to 15 World War II heroes Friday, but suffered an embarrassing moment on live television when the first medal fell off the uniform of his recipient.

Scores of top generals and dignitaries fidgeted silently in the ornate St. George's Hall at the Kremlin as Mr. Yeltsin spent a full minute pinning the new Order of Zhukov on the uniform of Konstantin Abramov, a retired colonel-general.

Mr. Yeltsin lost part of at least two fingers on his left hand in a childhood accident.

As the two shook hands moments later, the medal fell to the red-carpeted floor. Mr. Yeltsin retrieved it and returned it to General Abramov's chest, only to see it fall off again.

Events to Mark the War's End

Following is a timetable of events commemorating the 50th anniversary of the end of World War II in Europe (all times GMT):

- LONDON** — Opening ceremony for three-day event in Hyde Park, attended by the Queen Mother and Princess Margaret (10:00).
PARIS — Peace service at St. Paul's Cathedral, with Queen Elizabeth, heads of state and government (10:00).
PARIS — Ceremony for heads of state and government in Hyde Park, with Queen Elizabeth (14:00).
BERLIN — Opening of new synagogue, including speeches by Janusz Bielecki, leader of the German Jewish community, and Chancellor Helmut Kohl (17:00 GMT).
LONDON — Jet flyover, fireworks and concert at Buckingham Palace (17:30).
PARIS — A beacon lighting ceremony in Hyde Park, with two minutes of silence for the dead (18:00).
PARIS — Heads of state and government attend celebrations on the Champs-Élysées and at Arc de Triomphe (18:00).
PARIS — President François Mitterrand reviews troops along the Champs-Élysées. Lights the flame of the Unknown Soldier at the Arc de Triomphe and lays a wreath, followed by a military band and parade with flyover.
MOSCOW — President Boris N. Yeltsin and foreign dignitaries lay wreaths of the Tomb of the Unknown Soldier (18:00).
ST. PETERSBURG — Laying of wreaths at memorials to victims of Nazi blockade of Leningrad.
BERLIN — Gathering, attended by Chancellor Kohl and other leaders, including concert and short reception (18:00).
MAY 7
MOSCOW — Veterans' parade on Red Square (10:00).
Military parade on Poklonnaya Hill (10:00).
Reception given by President Yeltsin for foreign dignitaries and war veterans (14:00).

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Herald Tribune
 THE WORLD'S DAILY NEWSPAPER

As France Votes, Candidates Push Ideology of Change

By Joseph Fitchett
 International Herald Tribune

PARIS — In a final burst of campaigning, the Socialist candidate, Lionel Jospin, claimed Friday to be within reach of an upset victory against his conservative opponent, Jacques Chirac, who warned France against "the danger" of choosing a leftist as president in the election Sunday.

Both candidates, sensing a national mood of frustration and pessimism, ran as apostles of change, but failed to overcome skepticism among many voters.

Mr. Jospin retains ideas and allies inherited from discredited Socialist governments under President François Mitterrand, and Mr. Chirac has been unable to shake a reputation for being more erratic than his best aides.

With neither man appearing to have won commanding presidential stature, both camps were battling to mobilize their own ranks as the campaign became a left-right confrontation.

As a gesture to centrist voters, Foreign Minister Alain Juppé, who is expected to be the next prime minister if Mr. Chirac wins, pledged that cabinet posts would be split equally between his own Gaullist party and smaller center-right parties, which supported Prime Minister Edouard Balladur until he lost in the first round of voting two weeks ago.

That rivalry left ulcers in conservative ranks,

which the cabinet offer is designed to end. The pledge of ministerial jobs for centrists could also reassure voters that Mr. Chirac, despite some ambiguous signals, is committed to close European cooperation and economic modernization.

To reinforce this appeal, Mr. Chirac was making his final campaign appearance Friday, in Lyon to get a public blessing from Raymond Barre, a former prime minister. It is precious support because Mr. Barre, besides having

NEWS ANALYSIS

strong credibility on international issues, also is a conservative who traditionally has been wary of Gaullists, notably Mr. Chirac.

A call for conservative solidarity has already come from some prominent Barre disciples who accepted ministerial posts in Socialist governments in the 1980s. In an unusual collective move, they have backed Mr. Chirac and denounced Mr. Jospin as "a strictly doctrinaire Socialist" and a man who could not be trusted to lead France toward bipartisan cooperation.

Their charge echoed a major theme of Mr. Chirac's closing campaign, that Mr. Jospin's election would plunge the country into a political gridlock, with power shared between a newly elected Socialist president and a strongly conservative Parliament. That situation, a new version of the current power-sharing with Mr. Mitterrand, could paralyze government and expose the

country to a risk of social upheaval, according to Mr. Chirac.

Regardless of whether he wins the presidency Sunday, Mr. Jospin has already won in one sense: His success in mobilizing a national following, on a scale that no one imagined possible a month ago, has dramatically restored the French left's self-confidence.

During the campaign, Mr. Jospin, a former education minister, has blossomed into a personable politician who seems candid, bright and combative. In contrast to Mr. Mitterrand and to Mr. Chirac, he has an informal personal style, including a hint of modesty when he announced that, if elected, he would shorten the presidential term to five years.

Responding to accusations that his election would mean seven more years of Socialist rule, Mr. Jospin now retorts with a question: "So, why not try five years with a social democrat?"

Paradoxically, both the candidates have run on a similar theme: that the next president can transform the nation and stamp profound changes on the international scene, including the currency markets, U.S. trade and the shape of Europe.

Even allowing for electoral rhetoric, this approach runs sharply counter to the tendency in most Western democracies to emphasize international constraints on government action.

Mr. Jospin and Mr. Chirac convey an image of a nearly omnipotent French presidency that can

use political will to change the economic and social context of the nation.

For example, relations with France's allies, notably with the United States, were ignored in the campaign almost completely, so voters could comfortably assume that the next president can easily cope with any threat to France's security.

On issue after issue, the same assumption prevails that the right ideas suffice to bend reality to a satisfying shape.

This approach stems partly from a peculiar feature of the campaign: Each candidate ran against an incumbent regime from his own party — in Mr. Jospin's case, the Mitterrand presidency; in Mr. Chirac's, the Balladur government.

By emphasizing the role of the next president, both candidates have sought to distinguish themselves without repudiating their own political camps.

In addition, both were stamped with a lesson from the Mitterrand era, when national disillusion gradually gained ground as the Socialist president left more decisions in the hands of the top levels of the bureaucracy, starting with the decision in 1983 to accept economic orthodoxy, impose an austerity policy and start tracking the Deutsche mark.

No matter how deftly the new incumbent handles it, the letdown from expectations that the French president can be a master of the universe could involve some destabilizing moments.

V-E:

Parade No-Shows

Continued from Page 1
 public could seriously embarrass the Russian leader.

In London, meanwhile, Queen Elizabeth opened a weekend of commemorations to mark 50 years of peace in Europe, paying tribute to those who died in the war and calling on Europe not to squander the victory over fascism.

In a rare address at Westminster Hall to both houses of Parliament, the monarch asked the nation to show gratitude for the sacrifices that forced Nazi Germany into surrender.

"Together we thank God for the victorious end to that titanic struggle of 50 years ago," the queen said in opening the Victory in Europe commemorations. "In defending ourselves we were defending the liberties of the whole world."

She said that Britain "must remember especially those who did not come back."

"It is to their courage and heroic sacrifice that we owe our celebrations today," she continued. "Let us therefore offer a prayer for them and for the countless victims of Nazi persecution."

And in Amsterdam, thousands poured into the streets to thank the Canadian troops who liberated the city from the Germans. With "Happy Days Are Here Again" blasting from their caravans, the veterans were swamped by jubilant people waving signs that read "Thank You Our Liberators."

The formal anniversary of V-E Day is Monday, when national leaders will gather in Paris and Berlin to mark Germany's surrender on May 8, 1945.

(Reuters, AP)

23 Thai Die in Bus Crash

BANGKOK — Twenty-three Thai factory workers, most of them women, were killed Friday when the bus taking them to work collided with a truck in Authaya Province, the police said.

The bus was carrying 25 people, including 23 workers and two drivers, the police said.

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FRANC: Markets Try to Pick Lesser of 2 Fiscal Evils

Continued from Page 1
 he would let legislative elections in an effort to win a leftist majority and avoid another period of cohabitation. That could lead to a prolonged period of political instability, again causing market jitters.

Mark Cliffe, chief international economist at the London-based HSBC Markets Ltd., said of Mr. Chirac's economic policy proposals that "the idea that you can have a franc fort policy, budget deficit reduction and lower unemployment all at the same time is rather unconvincing."

As for Mr. Jospin, Mr. Cliffe spoke for many economists when he criticized him as "a traditional Socialist who would be interventionist, against privatization and would find difficulties in fiscal policy as well, with more spending quite possible."

In fact, the consensus among foreign economists is that the

likely choice as economics and finance minister.

"The markets are crazy if they think we would be irresponsible with the public sector deficit in order to fight unemployment," Mr. Madelin said.

"Very often the financial markets judge France as an odd country, somewhat different from others," he added. "Well, our message is that France is back, back in the fight against deficits and in favor of privatization."

Yet when it comes to the broader question of European economic integration, Mr. Jospin is seen by many as more credible than Mr. Chirac. This is mainly because he is backed by Jacques Delors, the former European Commission president and the force behind the Maastricht treaty, who last year cleared the way for a Jospin candidacy when he refused to run in the French election.

Mr. Chirac's aides also stress that his would be a relatively "hands-off" presidency, with the respected Alain Juppé, now the foreign minister, tapped as the new prime minister and Alain Madelin, an internationally minded free-marketeer, the

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A Market for Human Organs

2 Chinese Refugees Detail Transplant Sales

By Catherine S. Manegold
New York Times Service

WASHINGTON — Two Chinese refugees — one a former political prisoner and one a former police official — testified in Senate hearings on Thursday that the Chinese government removes organs from executed prisoners and sells them for use in medical transplants in state-owned hospitals.

The recipients of the organs, they said, are usually top Chinese officials or foreigners from Hong Kong, Japan, Britain, and the United States who need either kidney or cornea transplants and can afford to pay for the operations in foreign currency.

"Basically, they look at the prisoner's body as whatever they want it to be," said Gao Feng, a former member of China's Public Security Bureau who now lives in exile in London. "They would take the prisoner's skin, if necessary."

Mr. Gao, whose testimony was translated from Chinese, described a prison system so entwined with China's hospitals that executions are scheduled and sometimes ordered in concert with transplant demands.

Another witness, Harry Wu, a former political prisoner who runs a human rights foundation and is a research fellow at the Hoover Institute at Stanford University, described the transplant system as an "open secret" that China does not want exposed abroad for fear of political retribution and pressure to end what has become a lucrative trade.

The hearing Thursday, conducted by Senator Jesse Helms, Republican of North Carolina, but attended only by Senator Charles S. Robb, Democrat of Virginia, provided a harrowing view into a world in which ethical checks and balances of U.S. practices do not apply.

Several witnesses said that the testimony showed the United States should take a harder stance against China. A year ago, President Bill Clinton severed the relationship between China's death status with the United States and its human rights record.

Mr. Gao, describing the public executions, said that prisoners are made to kneel before being shot in the head or heart before their corpses are rushed into waiting vans where surgeons remove critical organs while the bodies are in transit to local crematoriums. Prisoners whose corneas are to be used are shot through the heart, he said.

While the organ removals are done under a cover of secrecy, the executions themselves are quite public. Citizens are called together to observe the death-row prisoners in their final moments. At times, as many as 15,000 people may gather in a sports arena or other large auditorium for the event.

No firm figures reflect the number of organ transplants obtained from prisoners each year, witnesses said. But estimates ranged from 2,000 to 10,000, with most operations involving the replacement of failed kidneys and corneas.

Mike Jendryczek, the Washington director of Human Rights Watch/Asia, told the Senate committee that as many as 65 offenses now qualify prisoners for death sentences. Among them are crimes that range from bicycle theft to embezzlement, political dissent, and more serious violent crimes.

Strict Crime Bill Is Weighed

China is considering legislation that would mandate the death sentence for a wider range of crimes than at present, officials said. The Associated Press reported from Beijing.

Executions already are widely imposed for many major cases of corruption and economic crimes. The new legislation being discussed by the Standing Committee of the National People's Congress would extend the sentence to less serious crimes, the China Daily newspaper reported.

The primary target of the new law is counterfeiters, said Lang Shen of the committee's legal affairs commission. Although executions already have been reported for the printing and distribution of fake currency, this law would allow the death sentence also to be imposed on those who knowingly use fake bills, he added.

Monitors Of Korean Armistice Won't Quit

Compiled by Our Staff From Dispatches

SEOUL — A group of third-country monitors of the Korean armistice said Friday that they would continue to carry out their duties despite North Korea's attempt to dismantle the cease-fire regime.

The Neutral Nations Supervisory Commission, established at the end of the 1950-53 Korean War to monitor the armistice, made the announcement after an emergency meeting of commission members in Seoul.

Senior officers from Sweden, Switzerland and Poland met to discuss steps to counter a North Korean ban on their entry to Communist territory.

"The Swedish and Swiss members will continue to hold weekly meetings at the headquarters of the NNCS in Panmunjom," the statement said.

North Korea is seeking the dismantling of the commission in an effort to open bilateral peace treaty negotiations with the United States. On Wednesday, Seoul said that monitors would be prohibited from crossing the border at Panmunjom without permission and that commission facilities in Panmunjom under the North's control would be "sealed completely."

Pyeongyang had earlier expelled the Czech and Polish delegations to the commission from its territory, leaving no monitors on its side of the heavily armed border.

Panmunjom is the only point of contact between the two Koreas along their 250-kilometer (155-mile) border.

Poland, which represents the North on the commission, said Friday that it would remain a commission member. The North refused in 1993 to let the Czech Republic take over the duties of Czechoslovakia on the commission.

South Korean radio monitors said Friday that the North had defended its stand in a radio broadcast as a "legitimate, self-defensive measure to protect the sovereignty and pride" of North Korea.

(AP, Reuters, AFP)

Lewis T. Preston Is Dead at Age 68, President of World Bank Since 1991

Compiled by Our Staff From Dispatches

WASHINGTON — The World Bank president, Lewis T. Preston, died Thursday following a long battle with cancer. He was 68.

Mr. Preston assumed the presidency of the World Bank in 1991, having served as chairman and chief executive of J.P. Morgan & Co. He had planned to retire from the bank at the end of May.

The World Bank lends money for projects in developing nations.

"Lewis Preston provided a quiet, firm leadership that has transformed the bank," said Richard Frank, acting president of the bank. "He cared deeply about this institution, and we cared deeply for him."

Mr. Preston, a native of New York City, graduated from Harvard in 1951 and had been

captain of the U.S. Olympic ice hockey team in 1948.

He will be succeeded at the World Bank by James Wolfensohn, an international investment banker.

Mr. Preston guided the World Bank through the early and difficult stages of helping the former Soviet Union join the world of market-based economies. Eventually, all 15 of the former Soviet republics joined the bank, as did eight other countries during his tenure.

(AP, Reuters)

Vladimir S. Gerashchenko, 89, who became a senior official of the Soviet central bank in the late 1930s and took part as a Foreign Ministry official in the 1944 Bretton Woods conference at which the International Monetary Fund was established, died Monday after undergoing pancreas surgery in Moscow, officials said.

Louis Krasner, 91, the Russian-born American violinist who gave the premieres of the Alban Berg and Arnold Schönberg Violin Concertos and was a champion of 20th-century music, died Thursday at his home in Brookline, Massachusetts.

Milton Shallick, 89, a U.S. ambassador to the South Pacific Commission under President Harry S. Truman and a New York Criminal Court judge, died Monday at his home in Southbury, Connecticut.

Quake Shakes Kobe Region

The Associated Press

TOKYO — A moderate earthquake Friday with a preliminary magnitude of 4.3 shook the Kobe area in western Japan that was devastated by an earthquake Jan. 17. There were no reports of damage or injuries.



WAR PAINT — Kenichi Takahashi, 13, waiting with two other youngsters Friday to perform in a Kabuki in Tokyo.

Chill on U.S.-China Ties

BEIJING — In a sign of growing disenchantment in their relations, President Bill Clinton and President Jiang Zemin of China have decided not to meet for formal talks during celebrations in Moscow next week marking victory in World War II.

Though spokesmen for both governments said Friday that tight schedules precluded a presidential tete-a-tete, Chinese officials and Western observers indicated that serious political disputes and an overall souring of high-level relations was to blame.

Foreign diplomats questioned whether Mr. Clinton was seeking to spare himself an open confrontation with both Russia and China over the plans announced by both governments to sell nuclear reactors for power generation to Iran.

The failure to find a venue for presidential talks also calls into question the policy of strategic "engagement" that the Clinton administration says it is pursuing with China. It comes at a time when the Chinese leader has emerged from a significant internal power struggle in advance of the death of Deng Xiaoping, the country's 90-year-old paramount leader.

"The president is depriving himself of an opportunity to take a measure of Jiang Zemin at a very interesting time," said one Western observer.

Thais Raid Burmese

MAE TA WAW, Thailand — Thai forces launched a cross-border attack on Burma guerrillas Friday, hitting their jungle camp in southeastern Burma with salvos of missiles from helicopter gunships, a Thai Army spokesman said.

Khmer Rouge Hunted

PHNOM PENH — Cambodia's political leader said Friday that he had ordered a warrant issued for the arrest of the Khmer Rouge commander accused of killing three Western hostages.

Prince Norodom Ranariddh, who holds the position of first prime minister, said authorities believed that the commander, Noun Paet, was in southwestern Cambodia preparing to retake a Khmer Rouge base authorities seized late last year after the hostages were killed.

"I think we have detected him," Prince Ranariddh said, adding, "Mr. Paet is a murderer and we have to catch him and bring to trial."

Taiwan-China Meeting

TAIPEI — Taiwan will seek its first top-level meeting with China in two years in a bid to resuscitate the faltering dialogue between the two rivals, officials said Friday.

A meeting between heads of the two sides' semi-official negotiating bodies would be the first since their talks in Singapore in April 1993, which ended 44 years of refusal to enter into dialogue.

For the Record

North Korea and the United States will restart talks aimed at removing doubts over Pyongyang's nuclear program May 15, the Japanese television station TBS said in Tokyo on Friday.

Nepal's army chief has resigned, admitting moral responsibility for a corruption scandal that led to the dismissal and imprisonment of army officials, including senior officers, officials said in Kathmandu on Friday.

VOICES From Asia

Jo Ruxton, Worldwide Fund for Nature spokeswoman, on a Hong Kong plan to put an aviation fuel depot in the middle of the feeding ground for endangered pink dolphins: "This is the biggest joke ever to come from a government department. How do you drive an oil-tanker in a dolphin-friendly manner?"

Sarah Sutcliffe, British author of the recently published "Burma: The Alternative Guide," on the military junta's push to promote tourism: "It won't bring prosperity to the majority of the people but will further line the pockets of military generals."

Interior Minister Sar Kheng of Cambodia: "I think we have to remember the war in Cambodia is a cyclical war; it is a protracted war. There is no winner, there is no loser."

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A United Nations Success

With the April 28 departure of its peacekeeping mission from El Salvador, the United Nations can celebrate a quiet victory. Three years after the initial peace agreement was signed between the Salvadoran government and guerrilla insurgents, a divided society has begun to heal. Lawlessness, human rights abuses and bitter mistrust have given way to the beginnings of a civil society.

For the United States, the UN mission in El Salvador has been a bargain. American taxpayers underwrote a misguided proxy war there during the 1980s to the tune of \$6 billion. Out of a total cost of \$800 million for reconstruction, the U.S. contribution is about \$250 million, and out of UN costs of \$110 million, Washington paid around \$30 million. Other member countries are making up the rest.

But the United Nations provided much more than needed funds for El Salvador. It served as a trusted mediator in a place where trust was in short supply. It presided over elections in which the FMLN, party of the guerrilla insurgents, participated for

the first time as a legitimate political organization. It supervised the demobilization of the guerrilla forces and the hated National Police, the training of a new civilian police force, and the removal of human rights abusers from the armed forces.

Despite these successes, big challenges remain. The reform of the judiciary, one of the goals of the peace process, has barely begun, and no return to civility can be sustained without it. The reintegration of demobilized fighters on both sides has been delayed. Unemployment is at 60 percent. The electoral system is still flawed. Donor countries, particularly the United States, will need to help maintain the reform and healing.

Both sides in the Salvadoran conflict realized that they could not win an outright victory. Both sides were exhausted. Americans' appetite for financing the abusive Salvadoran military was fading. Still, in a time when the role of UN peacekeeping is being questioned, El Salvador stands as a heartening example of success.

—THE NEW YORK TIMES

The Deal With Castro

Is it right for the United States to join Fidel Castro in a new immigration scheme that stops the welcoming of Cuban rafters as anti-Communists and instead treats them as illegal aliens? Cuba is, after all, still Communist-run and still a police state. The risks are diminished, however, by the opening of a 20,000-a-year quota for legal Cuban immigrants, by recommending the U.S. government to a policy of safe, legal and orderly immigration, and by mooting the high physical barrier of the Florida Strait. The deal is being wrapped also had to be weighed.

What about those who, undeterred by the certainty of being sent back, take to the sea, avoid the Cuban net but are caught in the American net? The numbers are expected to be small, but their fate touches the moral quagmire. The U.S. government intends by shipboard screening to protect those whose lives might be in jeopardy. The others will be met at the Havana dock by U.S. diplomats and accorded normal immigration processing.

Will Cuba respect its assurances to let these procedures unfold? It badly wants its 20,000 safety valve, and its fidelity to its word is on the line. Its good faith has been under test since the foundation

agreement on emigration was signed last September. Of the 20,000-plus rafters the United States had parked in highly volatile limbo at its base at Guantanamo, 995 have jumped the fence or otherwise returned to Cuba on their own, and another 530 went back through official channels. U.S. officials and contacts have monitored both sets. Washington finds no evidence that they have been persecuted.

President Bill Clinton, to disabuse Cubans of the idea they could raft past U.S. immigration barriers, had barred the Guantanamo 20,000. Now, having repackaged the Cuban immigration issue, he is allowing a one-time entry of the 15,000 eligibles. "Undesirables" go back to Cuba, like it or not.

The United States is shifting from a Cold War policy to a less generous but sustainable policy of control and still considerable openness. Fidel Castro is yielding the "Mariel option" (the threat of flooding Florida with prisoners and the like) and otherwise dealing pragmatically. Still, his whole performance, especially his pledge not to punish Cubans repatriated against their will, needs close scrutiny.

—THE WASHINGTON POST

Ombudsman for the Jury

The murder trial of O.J. Simpson, which has been in disarray for weeks, is in serious danger of disintegrating altogether for lack of a jury. Seven jurors have been excused or dismissed during the trial. Only five alternate jurors remain, and the trial, now in its fourth month, is far less than half over. At the rate jurors are falling, Judge Lance Ito may be forced to declare a mistrial.

That could happen if six more jurors or alternates are excused, leaving fewer than 12 to hear the case. Under California law, both sides must consent to a trial of 11 jurors or fewer. The defense, generally content with the jury as it is, says it would consent, but Gil Garcetti, the Los Angeles district attorney, has not committed himself.

Mr. Garcetti might be tempted by a chance to start over with a new jury and the hope of avoiding repetition of numerous mistakes made by police and prosecutors so far. But he owes the system some assurance that he will join the defense in pressing the current trial to a verdict — whether it be conviction, acquittal or a hung jury.

While huge audiences may be fixated on this trial, polls show that the longer it drags on the less Americans think of their criminal justice system. The most direct

route to judgment will best serve the interests of justice and save the taxpayers and Mr. Simpson the high cost of another trial.

The Simpson case is unusual for the resources committed to it and the roughhousing of each side's oversized legal teams. There simply have been too many lawyers running relays around the jury, whose latest excused member groaned, "I can't take it anymore." Judge Ito would have been smart to limit each side to two or three lawyers.

As in most trials, the lawyers and the judge have run the show for their own convenience at the jurors' expense. For days on end the jurors sat idly in sequestration while the lawyers argued about witnesses and other issues. Judge Ito now holds more of the hearings before or after hours, but many jurors have endured too much. They deserve more respect as the heart of the trial system.

It is too late for Judge Ito to act on a helpful suggestion by Stephen Gillers, a law professor at New York University, to install an ombudsman to help the jurors cope with the sheriffs who guard them and the system that tries their patience. Such a step might refresh the panel and give it the strength to hold together until reaching a verdict.

—THE NEW YORK TIMES

Other Comment

Different Approaches to Iran

Iran, a signatory of the Nuclear Non-Proliferation Treaty, is negotiating with Russia and China for help in developing civilian nuclear power. Relying partly on information supplied by Israel, America and others strongly suspect the Iranians of plotting a secret nuclear-weapons program. Any help to Iran's civilian nuclear industry, it is feared, could be put to bomb-making use. The charge is hotly denied by Iran. But, given what nuclear inspectors uncovered in Iraq, this is not a suspicion to be taken lightly.

China and Russia have both ignored the West's agitation. At next week's gathering in Moscow, Bill Clinton will again be bending Boris Yeltsin's ear. He clearly hopes that his voice, in demanding financial sacrifice from Russia, will carry more

weight now that America has made a sacrifice, too. A skeptical Russia may dismiss America's voluntary privation as political shenanigans. No less important, with Europe irritated, the broad front against Russia on this issue may have cracked.

—The Economist (London)

The Clinton administration's decision to sever remaining U.S. economic ties with Iran is in line with Washington's "dual containment" policy toward both Iran and Iraq. It is based on the assumption that as long as Iran is kept economically weak and internationally isolated there will be no need to depend on Iraq to contain it. But the key to the success of the U.S. policy lies in convincing reluctant allies in Paris, Bonn and Tokyo to support a unified policy.

—The Hindustan Times (New Delhi)

Steering Well Clear of a Europe-Wide War This Time

By Jim Hoagland

WASHINGTON — Croatia's spring offensive against its rebel Serbs tests the uneasy equilibrium that had settled over Europe's only active battlefield. The Croatian campaign also casts the shadow of a wider war on a continent that determinedly celebrates 50 years of unfamiliar peace in the next few days.

It seems coincidence that President Franjo Tudjman has launched the spring offensive as Europe marks the half-century anniversary of the end of World War II in the Atlantic theater. But the renewed fighting in Croatia, and in neighboring Bosnia, underlines what has and what has not changed for Europe since Adolf Hitler put a bullet in his brain in a Berlin bunker on April 30, 1945.

The continent said "never again" as it surveyed the ruins the Nazi war created. The destruction had been too great. Besides, the two nuclear-armed superpowers seized control of Europe's war-making capabilities and were out about to let the "little" wars Europeans had fought for centuries expand into another world war and threaten the world's survival.

But the abrupt end of the Cold War freed the Croats, Serbs, Bosnians and others to pursue old and bloody habits. As Serbian rockets slam into the Cro-

atian capital of Zagreb it is tempting to conclude that the imposed peace of the Cold War was an illusion, or perhaps an abnormality that Europe will now reject as alien to its political corpus.

European leaders have watched nervously for four years with two questions uppermost in mind: Will the fighting expand across the Balkans? And if that happens, would the continent's major powers be once again dragged in and their old quarrels reignited?

Mr. Tudjman has launched this campaign at this moment to probe Serbian and world reaction, after spending a year skillfully maneuvering America into covering his back. Although these attacks may not ring the bell, he seems ready for the long-forgotten main event of ex-Yugoslavia's wars — an all-out conflict between Serbia and Croatia — if it comes now.

Mr. Tudjman confronts his mortal rival, Serbian Slobodan Milosevic, with a direct challenge by driving Croatian Serbs out of the central Croatian region they have held since 1991. The political conflict between Mr. Tudjman and Mr. Milosevic, two masters of feints and inflicting death by a

thousand cuts, threatens to become a matter of blood and steel again.

By going along with U.S. efforts to construct a Bosnian Muslim-Croatian federation and relying on his threat to oust United Nations peacekeepers, Mr. Tudjman has positioned himself to seek U.S. protection and support as he gnaws away at the Serbian positions. He can also count on German diplomatic help, while Russia and France align themselves with the Serbs.

This is the kind of great power game that has brought disaster to Europe twice in this century. But there is reason to hope that it will not happen this time.

If common sense prevails, the human and financial costs of fighting a modern conventional war will keep powers like Germany and Russia out of conflicts they would have once sought to manipulate for balance of power reasons. Small countries feel they can still afford the costs of war; big European countries know that it is a fatal illusion for them.

Dwight Eisenhower assembled 150,000 men to make the D-Day landing on June 6, 1944, with twice that number in reserve for the next phase of the campaign to recapture Europe from the German army. Colin Powell demanded 100,000 more sol-

diers than that to take on Iraq in 1991 because he could not be sure what technological ace in the hole his much smaller enemy might have to use against the awesome armada he had assembled.

Major conventional wars have become financially ruinous. And the destruction that modern weapons can inflict on societies and humans so far outweighs most political goals that the weapons become incredible and ultimately unusable.

That was the sense of a comment Secretary of Defense William Perry made to me shortly after he took office when I asked him about the U.S. withdrawal from Somalia. What many Americans had missed, Mr. Perry said, was that American goals in Somalia could not sustain the large loss of Somali lives that American military strikes were causing, much less the American casualties the Somalis had caused.

Technology expands the destructiveness of nasty little wars like those in the Balkans to heartbreaking new heights. The world should not be complacent about the renewal of fighting. But Europe may be able to avoid the continent-wide nightmares of the past in part because of concern about the greater threat that technology poses.

—The Washington Post

The Baltic States Belong Inside the Line Between NATO and Russia

By Carl Bildt

STOCKHOLM — During past decades I often passed in the great diplomatic entrance to the State Department to reflect on the Estonian, Latvian and Lithuanian flags hanging there among all the others. Refusing to accept the legality of the 1940 Soviet occupation of those countries, the United States displayed their flags among the flags of all the independent and sovereign nations of the world.

Today the three countries are in the middle of successful transition from their socialist and Soviet past. They are making more rapid and more impressive progress than even some of the countries of Central Europe. There is no doubt that Estonia and the Czech Republic are the vanguard of transition in Europe.

But a new threat is emerging as a combination of reluctant Western enlargers of NATO and ardent Baltic-bashers in the East risks placing the three nations in a special category of uncertainty in the Europe of tomorrow. If this happens, we might see this part of Europe emerge as a key confrontation zone in the decades ahead.

The removal of the last Russian troops from the Baltic countries last summer was a major victory for the sort of preventive diplomacy that will be increasingly important in the future.

The United States played a key role in this process, and has reinforced its political commitment to the region by high-level visits. President Bill Clinton went to Riga, Latvia, last year. Vice President Al Gore recently praised Estonia for its development during a visit to Tallinn.

The Baltic countries are entering the third and decisive phase of their efforts to re-establish full independence, after formal recognition in 1991 and removal of troops in 1993. They want to become full and active partners in the structures of European and Atlantic integration. They all strive for full membership in the European Union and NATO.

The European Union has in principle accepted them as future members. They have recently concluded European agreements on free trade and cooperation which put them on the same level of pre-accession relations with the Union as Poland or the Czech Republic.

In the next few years we will see an enlargement of NATO. This is unavoidable, since an organization based on the solidarity of

democracies cannot in the long run refuse membership to eligible democracies without eroding its own moral foundation. Admission of Poland, the key country in Central Europe in this regard, is now mainly a matter of time and details.

It is often said that we must not create new dividing lines in Europe. This sounds fine but hides the reality that there will always be a dividing line between members and nonmembers of NATO, and that the real question is where this line should be drawn.

It will certainly not be at the Oder, but the great and troubling question is whether the Baltic states will be left beyond this line facing mighty Russia.

It will take time for the Russian political system to accept the importance for European stability and security of parallel enlargement of the European Union and NATO. This will surely happen if the country continues its struggle along the path of reform, which is

by no means certain. But there will always be the forces of red-brown revanchists.

A NATO enlargement that takes in Central Europe and the Baltics, even temporarily, the Baltic states will undoubtedly open them up for the countermeasures of the red-brown revanchists.

There is an alarming tendency toward uniformed Baltic-bashing in most Russian political camps that could easily escalate out of control. That would immediately provoke a major crisis between Russia and the West.

It would be foolish to give the red-brown revanchists in Russia the impression of having a more or less free hand in the Baltics; thus perhaps tempting them into actions bound to cause havoc in the entire future of the Russian relationship with the West.

The art of security is the art of preventing conflicts — not the art of provoking them.

It is sometimes said that the Baltic countries are not defens-

ible and accordingly can never be granted membership in NATO. This is an argument that betrays the entire history of NATO.

President John Kennedy proudly proclaimed himself a Berlin-er, fully knowing that the Berlin bridge could have been chewed to pieces in hours by Soviet armored divisions. It could be questioned whether any part of Germany was really defensible during the decades of Soviet forward deployment in Europe.

But the commitment of NATO was always a political commitment to the security of democracies wherever democracies had gained ground — never just a military commitment to ideal trenches or pre-built bastions.

Today NATO remains a four-letter word not only in large parts of Russia but also in significant parts of former neutral countries like Sweden. Yet there is no way of building a truly new security order in Europe without accepting the need to denationalize military security through the mechanism for military inte-

McNamara and Fellow War Leaders Were Irresponsible

By William Pfaff

PARIS — The last world war ended in Europe on May 8th, 50 years ago. The Vietnam War ended with the evacuation of the last Americans from Saigon 20 years ago, on April 30th. The coincidence of anniversaries has prompted many to recall the world war as the last "good" war, and the Vietnam War as, for Americans, the contrasting "bad" war.

The Second World War certainly pitted what nearly everyone today would agree was "good" against "bad," but the Vietnam War was a rivalry between ideologically Marxist nationalists and traditionalist as well as Europeanized and Catholic elements in Vietnamese society. The latter were themselves nationalists. (Ngo Dinh Diem, president from 1955 to his murder in 1963, had been an exiled nationalist leader when Indochina was a French colony.) Who was good and who was bad?

Washington's support for the South Vietnamese government was well-meant. It was also politically misconceived and eventually of the utmost brutality in execution. That is what was "wrong" about the American intervention.

Thus the Second World War

was a moral drama, and the Vietnam War a tragedy. The world war was unwanted, even by Germany. However, Nazi Germany started with a program which was unlikely to be achieved without war, and when it indeed led to war, the Nazi program was radicalized, to practice what previously had merely been theory.

Germany initially wished to annex German-speaking Austria and the culturally German (Sudeten) region of Czechoslovakia. The invasion of Poland, in an agreed (with Russia) geopolitical partition of Europe into German and Soviet spheres, provoked the war. Germany's program then became the subordination of the Slavic peoples to "Aryan" or Nordic "racial" domination, and the extermination of Jews and certain other categories of humanity which Nazi theory deemed "unworthy" of life.

To fight this was a moral duty and an honor, performed, after the collapse of France, by Britain alone, aided by volunteers from its overseas empire and by allied patriots from German-conquered Europe. Thanks to Franklin Roosevelt, the United States provided

some support to Britain, despite much congressional and popular hostility, but whether America would eventually have entered the war in Europe had Hitler not declared war against America, out of loyalty to his Japanese ally, is an unanswerable question.

The U.S. intervention in Vietnam was the result of a pernicious and irresponsibly ideologized vision of globally directed Communist aggression. America's motives were good, its assumptions false, and the arrogance with which those assumptions were defended rendered the country's leaders morally culpable.

"Arrogance breeds stupidity." That comes from a letter written to me about Robert McNamara's new book confessing that by the mid-1960s Mr. McNamara really was against the Vietnam War but nonetheless continued to wage it. The letter comes from David G. Nes, a retired diplomat who in the early 1960s was deputy to Ambassador Henry Cabot Lodge at the U.S. embassy in Saigon, with the rank of minister.

Mr. Nes, writing in defense of America's Foreign Service professionals, protests Mr. McNamara's patently absurd claim that the reason he and the rest of the U.S. government misunderstood the situation in Vietnam was that the government's China experts had been driven out by McCarthyism.

Mr. Nes returned to Washington from Saigon in July 1964 convinced "that the war was unwinnable at a price the country would be willing to pay." This conclusion, he says, "was far from unique and was shared by the senior Foreign Service officers in the Political Section and many others in the CIA, AID and USIA Missions" in Saigon.

He says, "Of those I briefed on

my return to Washington, including the Bundy and Rostow brothers, only George Ball was receptive and, in general, in agreement. To contest the president's policy was viewed as inadmissible."

McGeorge Bundy was national security adviser from 1961 to 1966 and Walt Rostow was his successor. William Bundy and Eugene Rostow were also high officials, the former becoming assistant secretary of state for Far Eastern affairs under President Lyndon Johnson.

So much for the argument made by Alain Enthoven (IHT Opinion, April 28) of Stanford, a former assistant secretary of defense, and by other of Mr. McNamara's defenders, that "Mr. McNamara's mistakes in Vietnam were America's mistakes," and that the whole nation was "caught up in what proved to be a tragic error." Mr. Enthoven says those who criticize the former defense secretary do so with certainty "achieved with 20-20 hindsight."

As Mr. Nes demonstrates, the best in the American foreign policy community had 20-20 foresight. It would be a catastrophe if the conclusion drawn from the Vietnam experience is the one Mr. McNamara and Mr. Enthoven put forward, that no one could have known, hence that no one is, or was, responsible.

The conclusion that should, indeed must, be drawn is that to accept office imposes a duty to know, and to speak what one knows, as well as an obligation to pay with one's career for failure — which all of these officials conspicuously failed to do. Without responsibility, democratic government becomes impossible, and that is why what Mr. McNamara and Mr. Enthoven are saying is profoundly subversive, and a lie.

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Private Militias Aren't Constitutional

By Herbert Mitgang

NEW YORK — In the U.S. federal and state constitutions, there is no right to bear arms. There is only an encouragement in the federal constitution for the misguidedly from the underside of America to maintain a private militia.

The weekend warriors in the Michigan Militia, the Christian Patriots Defense League and the innocent-sounding Blue Ridge Hunt Club are not to be confused with real militia — volunteer civilians in the National Guard and Army Reserve.

Anyone, particularly among members of the executive branch and the bought and scared senators and representatives, who swallows the National Rifle Association line that the Second Amendment gives people the "right to bear arms" misunderstands the constitution and the evidence in the Federalist Papers and Constitutional Convention, if they ever read it at all.

The Second Amendment, ratified in 1791 and never altered, says: "A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed."

The crystal-clear phrase preceding the right is absolutely necessary to understand and interpret the reasoning behind, and the limitations of, the Second Amendment. The phrase governs the right. It specifically provides a constitutional right

Union, suppress Insurrections and repel Invasions.

The constitutionally recognized militia is out in the open, with the broad obligation to ensure domestic tranquility and provide for the common defense.

By contrast, the private militias are sub-rosa organizations. These paramilitary groups are not the descendants of the civilians who picked up hunting rifles and muskets and fought in the Revolution.

In Federalist No. 29, Alexander Hamilton wrote that the power to command the militia in times of insurrection and invasion can be accomplished only "by confiding the regulation of the militia to the direction of the national authority."

This resolved found its way into the constitution.

In the framers' debates during the Constitutional Convention, again and again it was underscored that the militias were created to prevent the need for mercenaries and for large peacetime standing armies in the new United States.

The creatures who live under rocks and come out at night in camouflage clothing and combat boots should not be allowed to take cover behind the Second Amendment.

A real militia, not these bogus private militias, is very much a part of the constitution. In addition to the Second Amendment, the word militia appears in the constitution five more times.

The president is recognized as commander in chief of the various state militias when they are called into federal service, as well as of the regular armed forces. And Congress is authorized to organize, arm and discipline a militia and to call it out "to execute the Laws of the

Union, suppress Insurrections and repel Invasions."

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Golden Revelation

PARIS — [The Herald says in an editorial:] An article which appears in the Herald to-day [May 6] will be read with interest as a revelation on the gold industries of the world. So much has been said about the gold discoveries in South Africa that people have come to consider that country the only producer, and the speculation's craze has flourished accordingly. As a matter of fact the United States and Australia each supply more of the precious metal than comes from the Cape.

1920: Sawdust to Sugar

NEW YORK — The world's shortage of sugar is about to be relieved, and sugar-growers are to be put out of business, by the simple process of converting ordinary sawdust into sugar at a cost of three cents a pound, ac-

ording to Mr. Robert Hyde, a chemist of Pittsburgh. One pound of sawdust, when treated with Mr. Hyde's new process, will, in the space of ten short hours, be converted into three-quarters of a pound of the finest sugar.

1945: The Polish Issue

LONDON — Grave concerns were left here tonight [May 6] over the rupture in Polish discussions in San Francisco. Prime Minister Churchill has called the Polish issue the most serious obstacle to a complete understanding among the United States, Great Britain and Russia. Those attached to the Polish government in London, doomed to extinction in the event that the Yalta plan is ever implemented, have said all along that whoever wins his support would have great moral weight to throw in the balance of Anglo-American views versus those of Russia.

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Je tiens à dire

INTERNATIONAL EDUCATION IN SCANDINAVIA

GAMUT OF SUBJECTS, TAUGHT IN ENGLISH

High standards, diverse areas of study and regional emphasis characterize Scandinavia's educational programs.

For international students, Scandinavia offers an enormous range of courses — from arctic studies in Finnish Lapland to digital communications systems in the cosmopolitan Swedish city of Göteborg.

The deep knowledge and common usage of the English language in the region mean educational institutions can easily transfer their expertise into programs taught in English. These are available at all levels, from summer schools and exchange courses to complete master's and doctoral programs.

With educational institutions delivering high standards across a range of subjects, the region is now competing for students in nearly all fields, providing a wide

variety of traditional courses in the arts and sciences.

Local expertise

There are many courses, however, that take into account the region's specialized expertise. This is certainly the case in the area of the environment, where the amount of knowledge is reflected in some highly specialized courses.

Chalmers University of Technology in Göteborg, for example, has a master's program in applied environmental measurement techniques, which looks at the practical effects of pollution and at measures to combat it. Finland's North Karelia Polytechnic has a course specifically on environmentally sound product design and marketing.

The well-established public health-care systems and high level of social provision in the Scandinavian countries give the region a solid basis to develop educational programs in public health, health service management and the social services.

Göteborg University has a master's program in social work, which aims at giving students a better understanding of social problems, while many other institutions concentrate on health care.

Health-care programs

In Finland, the Espoo College of Health Care and Social Welfare offers an International Nursing Education Program, which covers nursing in numerous environments, from work in the community to medical research.

According to Espoo's head of nursing, Kaija Heikkilä, students are keen to come to Finland to see the way the country has developed its health-care system. "Since the 1940s, Finland has seen the need of offering a good level of health care and education to everyone," she says. "It is not split into public and private."

These remarks can be applied throughout Scandinavia, although the region's large public health-care sector is now having to cope with the problems of tighter budgets and growing demand.

The Karolinska Institute in Stockholm offers a master's program in public health that aims at providing a scientific basis for professional practice and for research and development work in public health. Oslo University offers a program entitled Medical Care and Health Services as a special five-week summer course. This is aimed at health care professionals and service providers, and examines the issues affecting health-care systems worldwide by studying the situation in Norway.

Summer fare
Summer schools are popular throughout Scandinavia, as they give students the opportunity to experience the region at its best. Students can combine studies with easy access to Europe's most unspoiled countryside. Even in the region's biggest city, Stockholm, one is never more than 20 minutes away from the open countryside, and the city's clean water makes it possible to swim downtown.



The region at its best: Top-notch academic offerings are complemented by Scandinavia's unspoiled natural beauty.

Stockholm University offers summer courses in English in Swedish economic history and Swedish literature, and the area offers many such chances to study the culture, history and languages of Scandinavia itself.

Bergen University on Norway's west coast has an entire master's program in Scandinavian studies taught in English, which looks at the region's geography, languages and political structures.

At Helsinki University, there are undergraduate courses in Finnish mythology and folklore, while the university's Sami studies project looks at the develop-

ment of the indigenous people of the Nordic region.

Scandinavia is also a good place for studying developments to the east, in the former Soviet Union and the Baltic states. Many universities and business schools are now active in reconstruction projects in the former communist states, with some — such as the Stockholm School of Economics — even setting up teaching facilities on the other side of the Baltic Sea.

EU interests

Now that Sweden and Finland have joined Denmark in the European Union, there has been increased interest

in developments to the south in fellow EU countries. Sweden's Lund University offers a master's program in European affairs, while Stockholm University has a program in European law that concentrates on the legal system within the EU.

Sweden's and Finland's newly acquired membership in the EU has made the countries' educational institutions more accessible to foreign students.

For most of the region's universities and colleges, however, the breadth of their English language tuition shows that the process of internationalization began much earlier.

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SCHOOLS FOR COSMOPOLITES

Teaching in the English language in Scandinavia is not confined to the university level.

For many years, international schools in the region have been providing high-quality education to the children of the diplomatic and business communities. Educational reforms in countries such as Sweden mean that even some state schools are now prepared to offer extensive curricula in the English language.

In recent years, the position of international schools has been strengthened by the continuing development of the International Baccalaureate, which offers a curriculum and examination that is accepted worldwide.

This enables students to

gain admission to institutions of higher education outside the country in which they have been schooled. It also allows students who change schools and countries to continue with the same syllabus.

Flux and stability

The Copenhagen International School has students from around 50 nations and a long experience of dealing with the disruption caused by children changing schools and cultures. "There are more and more children living out of their own country, and we don't find the rootlessness that many peo-

ple might expect," explains Jim Keson, the senior school principal. In many ways, the school becomes the center of the child's community, substituting for relatives and neighbors.

Continuity

The IBL program aims at preparing a student for higher education, but the IB concept now involves other aspects of teaching. "The IB middle years program is designed for international children," explains Mr. Keson. "It focuses on a child's ability to investigate. Typically, students are given projects, which teach them how to learn."

In Norway, the Oslo International School also offers an IBL education. Here, it is not just the pupils, but also the staff who are international, with the binding thread being the English language. Of course, this does not preclude the pupil's native tongue, with the school pro-

viding facilities for lessons in, for example, Dutch and Norwegian.

Countryside

Last year, the school moved to a larger site outside central Oslo and away from the congestion of the city center. Here, pupils are able to take advantage of the expansive Norwegian countryside.

This closeness to nature is also an attraction at the Skagerak Gymnasium in Sandefjord, around two hours away from Oslo. The school, built on the edge of the fjord, has been operating for four years, with pupils due to finish this year already being offered places in some of the world's leading universities. Although tuition is in English, the majority of pupils at Skagerak Gymnasium hold Norwegian passports, again emphasizing the desire of parents to give their children the basis for an international education.

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ART

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The Farneses: A Mania to Collect

By Roderick
Conway Morris
International Herald Tribune

PARMA, Italy — It was typical of the newly rich, self-aggrandizing Cardinal Alessandro Farnese that, on becoming Pope Paul III in 1534, he should have stopped work in progress on the family palace and ordered a vastly scaled-up version (Michelangelo ultimately being called in to do the facade).

A hundred feet (30 meters) high and 200 across, Palazzo Farnese (now the French Embassy) was by far the biggest and most imposing private residence in Renaissance Rome.

It is tempting to see the yawning interior vacuum of this architectural behemoth, supplemented by the huge Palazzo della Cancelleria almost next door, which one of Paul's cardinal-grandsons occupied, as the initial impetus for the Farneses' collecting mania. Certainly the 15 years of Paul's reign marked a period of frenzied acquisition of individual works and entire existing collections. While dozens of pieces of classical statuary were taken from excavations at the Caracalla Baths and at Tivoli, the Pope also shamelessly appropriated pieces from the Vatican for his family's palaces.

Meanwhile, Paul carved out a chunk of papal territory in northern Italy, establishing the new Duchy of Parma and Piacenza for his son Pier Luigi, which endured as a family statelet for nearly 200 years. By the time the line became extinct for want of a male heir in 1734, the family collection, almost all of which had by then been transferred to the duchy, consisted of well over 3,000 paintings, and tens of thousands of drawings, books, sculptures, bronzes, ceramics, coins, medals and jewels.

"The Farneses: Art and Collecting," a rewarding exhibition, which aims to re-create, in part at least, in a single space this extraordinary amassing of art works, is being held at the freshly restored ducal palace at Colomo, north of Parma, till May 21. Thereafter the show will go on to Munich (June through August) and Naples (October through December), where the core of the collection has been since the 18th century, divided between the Capodimonte, Palazzo Reale and Archaeological museums, despite significant dispersals overseas.

The Farneses' origins can



Portrait of a young woman by Parmigianino.

lived in the Farnese household (for a time), not to mention a priceless horde of classical coins and other antiquities.

Given the incompleteness of surviving inventories, the complex development of the Farnese collection is often difficult to trace, but the show's commendable catalogue by several hands contains much recently discovered information. One of the most startling revelations is the number and quality of works seized by the Farneses from neighboring families in the duchy.

The Farneses' attempts to impose absolute rule in Parma and Piacenza were strenuously opposed by the local nobility. The first duke, Pier Luigi, made himself so unpopular that he was stabbed to death in 1547. In 1611 the fourth duke, Ranuccio, claimed to have uncovered a plot against his life, rounded up the supposed conspirators, extracted confessions under torture, had them decapitated in Parma's main piazza, and confiscated their property. Among them was Barbara Sanseverino of Colorno, whose collection included works by Mantegna, Raphael, Titian, Michelangelo, Correggio and Parmigianino. This and other appropriated collections were also rich in northern works such as Pieter Bruegel's "Misanthrope" and "The Blind Leading the Blind," and Marinus van Reymerswaele's "The Misers."

Driven, from generation to generation, by the twin motors of making dynastically advantageous marriages and assuring the survival of their lineage, the Farneses seldom seem to have enjoyed domestic happiness.

Ironically, the realization of the Farneses' long-term ambition of marrying into one of Europe's royal houses beralded the end of the line. For soon after Elisabetta Farnese married Philip V, first Bourbon king of Spain, the last duke — Antonio — died, suffering from the family's characteristic obesity (which had long superseded the lean and hungry look evident in portraits of their 16th-century forebears), leaving his title and possessions to "the pregnant womb of the Serene Duchess Enrichetta d'Este."

This hapless woman nursed a phantom pregnancy for nine months. When it was finally declared void, the Farnese patrimony was ceded laterally to the Spanish Bourbons, who transferred almost everything moveable to their kingdom of Naples.

be traced back to 12th-century Orvieto, in Umbria, when they began to play a prominent role in the life of the city. Their activities as mercenaries, principally in the service of the papacy, won them estates and recognition as minor nobles. But, though later generations continued periodically to make their mark as warriors, the church proved their road to wealth and influence.

Their decisive breakthrough came when Alessandro Farnese's famously beautiful sister Giulia became the mistress of Cardinal Rodrigo Borgia.

Within months of Borgia becoming Pope, Alessandro was appointed Vatican treasurer, and numerous other lucrative and prestigious posts followed. Having got a grip on the papal purse strings, the intensely ambitious Alessandro mastered the levers of power, and in due course stepped into St. Peter's shoes as Pope Paul III. A lifetime in holy orders did not prevent him from fathering several children, whom he succeeded in having legitimized.

Michelangelo is recorded as having said that Paul's grandson, Cardinal Alessandro, one of the principal founders of the collection, knew "nothing whatsoever about paintings." But, even if this were true, an immensely wealthy family with good advisers could scarcely go wrong in 16th-century Italy. Some works in the collection were directly commissioned, such as family portraits by Raphael and Titian.

AND Paul III's cardinal-grandsons, Alessandro and Ranuccio, had the supreme good fortune to have as a consultant and librarian Fulvio Orsini, one of the greatest antiquarians and connoisseurs of the age. Not only did he guide the brothers in their purchases, but also built up his own collection. On Orsini's death, his collection was incorporated into the Farneses', bringing with it works by Mantegna, Raphael, Lotta, Sebastiano del Piombo, Sofonisba Anguissola and El Greco (who

Prado Readies for Overdue Facelift

By Alan Riding
New York Times Service

MADRID — It took the embarrassment of a leaking roof and talk of rats in the basement to nudge the government into action, but the Prado Museum here has at last been promised the money and additional space it needs to justify its place as the crown jewel of Spanish culture.

More than once, it seemed it would never happen. While the Louvre in Paris, the National Gallery in London and other museums embarked on expansions, the Prado was told to wait. It was offered the Villahermosa Palace, only to see the building turned into the new Thyssen-Bornemisza museum.

The Prado could still boast a remarkable collection of works by Velázquez, Goya, El Greco, Rubens and Hieronymus Bosch, but its morale was broken. It had room to display only one-sixth of its paintings and a tenth of its sculptures. It was furthermore in such disrepair that in 1993 buckets were placed beside Velázquez's priceless "Meninas" to catch dripping water.

Finally this winter, thanks in good measure to constant drum-beating by the new chairman of the Prado's board, José Antonio Fernández Ordóñez, the government gave the go-ahead to transform the museum. And now an international architectural competition to find the best design has begun.

It is an immensely complex project. Since the museum opened in 1820, it has occupied the neoclassical Villanueva building on the Paseo del Prado, although its 19th-century collection now hangs in the Casón del Buen Retiro, a small 17th-century palace that stands 140 meters to the east, overlooking Retiro Park.

Under the expansion plan, the Prado will take over the neighboring Palacio del Buen Retiro, which has long housed the Army Museum. And two new buildings will be added: one, incorporating the ruins of the cloisters of the Jerónimos Church, immediately behind the Prado's headquarters; the other, on vacant land adjoining the main museum building.

Competing architects must find ways of integrating the three annexes with the Prado's headquarters. Underground passages and malls are among the possibilities.

"We're looking for an imaginative solution," said José María Luzón Nogue, who last May became the Prado's fourth director in barely three years.



A crowd of museumgoers waiting outside the Prado.

"We have said, somewhat ambiguously, that nothing should disrupt the Villanueva building. On the other hand, architects won't want to come here just to build an underpass."

The project, expected to cost around \$150 million, is already stirring excitement in architectural circles.

"A number of big names did not want to be part of the jury, which suggests they may be competing," Luzón said, adding that he recently spotted the British architect Sir Norman Foster making notes and taking photographs in the Prado.

"I've been told there may be as many as 500 bids," he said. The 14-member jury, which includes seven non-Spaniards to conform with the rules of the International Union of Architects, is to select five to 10 finalists in January. The winner will be named before the end of 1996, with the work itself likely to take four to five years.

The government is not, of course, required to execute the winning design. Only two years

decorated with 17th-century oils.

He said the 17th-century Palacio del Buen Retiro could serve as an ideal place for special exhibitions. Its main hall, the Salon de Reinos, was originally decorated by Velázquez and Zurbarán on orders of King Felipe IV, although the paintings are now in the Prado.

The Casón del Buen Retiro, built by the Spanish monarchs as a ballroom, is already equipped to display up to 400 paintings.

The main variables, though, are whether the "new" Prado's various buildings will be connected underground, where to put a parking area, how the winning architect will deal with the cloisters of the Jerónimos church, which must be preserved, and the look of the buildings to be constructed either beside the Prado's northern Goya entrance or between the museum and the cloisters.

"This is where the architects will have to warm up their brains, and this is where the winning architect will make his name," Fernández Ordóñez said. "This could be as exciting as what I.M. Pei did with his glass pyramid at the Louvre. Who knows? Pei may also make a bid here."

In the end, the Prado should double in size, but this will not mean doubling its display space. "I like to say 'And we'll get more display space,'" Luzón said, "because our ancillary needs are just as great if we're going to become a modern museum able to handle large crowds."

After years of procrastination, then, a solution is in sight. And already the Prado has picked an architect for a separate, even more urgent, task: repairing the museum's roof and improving the natural lighting of its main galleries, a job that will cost \$10 million and take at least 18 months.

But the Prado's troubles are not over. With 7,679 paintings, 907 statues, 6,068 drawings and 2,186 engravings in its collection, it wants 25 curators, but can afford only 10.

With the expansion likely to disrupt the museum's normal operations, Luzón has decided to focus on small, specialized shows. One that ends this month contrasts Zurbarán's series of Jacob and the 12 Tribes of Israel, on loan from Britain, with 10 oils of Hercules originally painted by Zurbarán for the Palacio del Buen Retiro.

Once the expansion is completed, the Prado must then decide what to do with the 3,000 or so paintings from its collection on loan to Spanish embassies abroad, government offices and provincial museums. "It's a tricky problem because some pieces have been on loan for more than a century," said Fernández Ordóñez. "But if they are important, they should be in the Prado."

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Herald Tribune
THE WORLD'S DAILY NEWSPAPER

Extraordinary Finds in the Confusing Field of Islamic Art

LONDON — Some extraordinary discoveries came to light last week as auctions of Islamic art succeeded one another. In any other field, they would have been the talk of the town. Here, they barely made a ripple.

The reason is partly the confusion created by the denomination "Islamic art," which is about as meaningless as the phrase "Christian art" might be when describing anything made in the Western world from Charlemagne to Queen Victoria. Many would-be collectors lose their footing in this hodge-podge without visual unity.

Worse of all, the perception of quality and relative merit is weakened, resulting among other things, in haphazard estimates. Its effect could be observed to some extent at Christie's on Tuesday and, to a

SOUHEN MELIKIAN

greater degree at Sotheby's on Thursday when 46 of the first 65 lots — glass, pottery and bronzes covering territories ranging from Morocco to India — went unsold. Estimates should have been slashed by 50 to 70 percent to give most of the pieces any chance. Ironically, when it came to the one fabulous object, a late 14th-century brass tankard inlaid with gold and silver, the catalogue got it wrong too — the estimate could have been multiplied by 10.

The tankard, which carries an inscription on the neck naming the Artuqid sultan Majd ad-Din Isa (1376-1404), in whose reign it was made, is easily the most important piece of Arab metalwork sold at auction in the last decade.

Only half a dozen or so metal vessels inscribed to the name of any Artuqid prince are recorded. Majd ad-Din Isa's rule did not extend far beyond his capital of Mardin, which virtually designates Mardin as the place where the vessel was made.

For some reason, the catalogue mentioned in connection with the decoration the western Iranian bronze oil lamp made in the 470s. There is no link whatsoever. The inscription on the rounded body,

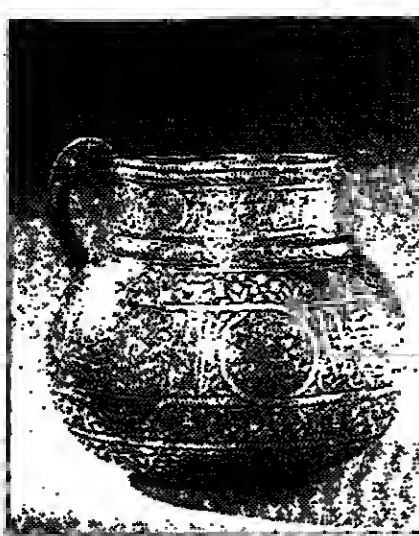
reproducing an Arabic poem, is a rare masterly example of monumental Kufic calligraphy applied to an object at that late period. It is quintessentially Syrian, while the handling of the floral ornament is entirely original. Most importantly, the object is miraculously well preserved. Much of its inlay is intact, down to the fine detail incised with a point over the silver foil. Brass vessels in that condition, whether Arab or Iranian, account for perhaps 1 percent of all silver and gold inlaid metalwork.

Most can ultimately be traced to shrines — meaning, in the West, palaces or church treasuries in Italy, which started acquiring metalwork from the Islamic East as early as the 12th century. Not surprisingly, according to one source, the tankard was found fairly recently by a nonspecialist Italian dealer. He was apparently inspired by the show of Islamic art in Italian collections held in Venice in 1994. For a novice, he did not do too badly. The tankard climbed to £129,000 (\$207,000), which in view of its significance and condition is not even crazy.

If anything surpassed the silver and gold inlaid vessel in importance during the week, it was a set of two manuscripts from Islamic India. These were once in the imperial library of the Persian-speaking Mogul rulers of Hindustan. They turned up at Bonhams, one of the smaller London auction houses, the day before the Sotheby's tankard. But in contrast to the vessel, their condition was not ideal.

The two books suffered some worming. As a result, the leaves were given new margins and each volume was badly bound somewhere in India after World War I. Yet, they remain stunning revelations.

The most spectacular of the two is a copy of the 12th-century versified allegorical work of the Iranian Sufi writer Sana'i: "The Garden of Truth." Few manuscripts executed under the emperor Akbar (1556-1605) or his successors Jahangir and Shah Jahan, are located. This one is — in Agra, where Shah Jahan later built the Taj Mahal. The calligraphy signed by "Abd ur-Rahim of Herat (known as) Anbarin Qalam" offers one of the most admirable examples of



Silver and gold inlaid tankard.

the Nasta'liq script in Hindustan. The date, given as 1599-1600, had one digit scratched out and written over. It cannot be taken at face value, but may safely be assumed to be in the early 1600s.

In keeping with Mogul practice, the five miniatures were identified underneath, in red inscriptions, probably by Abd ur-Rahim. Three of the names were spared when the old margins were cut off.

One is that of Nar Singh, only 21 of whose works had so far been recorded. The drawing, partially heightened with color, offers a stylistic mix typical of the composite culture of Mogul India. It blends the heritage of late 15th-century Iranian painting with touches of West European influence passed on through illuminated books and engravings.

European influence takes another form in a miniature ascribed to an even rarer artist, represented until last week by only 13 works. He gives his characters individualized features instead of the archetypal faces of Iranian painting. One of those, with receding forehead and open mouth,

suggests that Jagannath may have been acquainted with the style of Hieronymus Bosch. Another miniature without a name might also be by Jagannath. It shows a fair-skinned calligrapher, probably Abd ur-Rahim, seated facing a portraitist, possibly Jagannath. The portraitist's face has the brown complexion conventionally associated with Indians in Eastern painting.

Luckily, the original plates in varnished paper-mâché, of which very few Indian examples survive, were incorporated in the modern binding. Thrilled at handling this rarity, Diddi Malek, director of the Islamic department at Bonhams, gave it a separate catalogue on glossy art paper. Her efforts paid off. The volume soared to £155,500.

Ironically, it focused attention to such an extent that the other important imperial manuscript was almost overlooked. This second manuscript does not just reproduce the 12th-century text of Qazvini's "Wonders of Creation" as the catalogue assures. It also includes an abridgement of Nasiruddin Tusi's 13th-century treatise on minerals and metals (the "Tansuq-Name"), followed by large superb illustrations in black ink of constellations such as are usually found in a famous 10th-century treatise by Abd ur-Rahman Sufi. In short, the volume would appear to have been a kind of scientific compendium. This throws new light on the special interests of Shah Jahan, whose seal appears on a leaf.

In terms of its art, the manuscript is intriguing. Bonhams catalogued it as "probably [from] Isfahan or Shiraz." The draftsmanship certainly looks Iranian. But could the artist not have been established in Hindustan, like thousands of other Iranians in search of fortune and fame in what was then the Islamic America? One of the characters wears a bonnet of Mogul design, and a group of miniatures with archaic rocks suggests to me a possible Indian connection that deserves further investigation.

The manuscript fetched a modest £11,500. Whatever the case, it was the year's cheapest discovery.

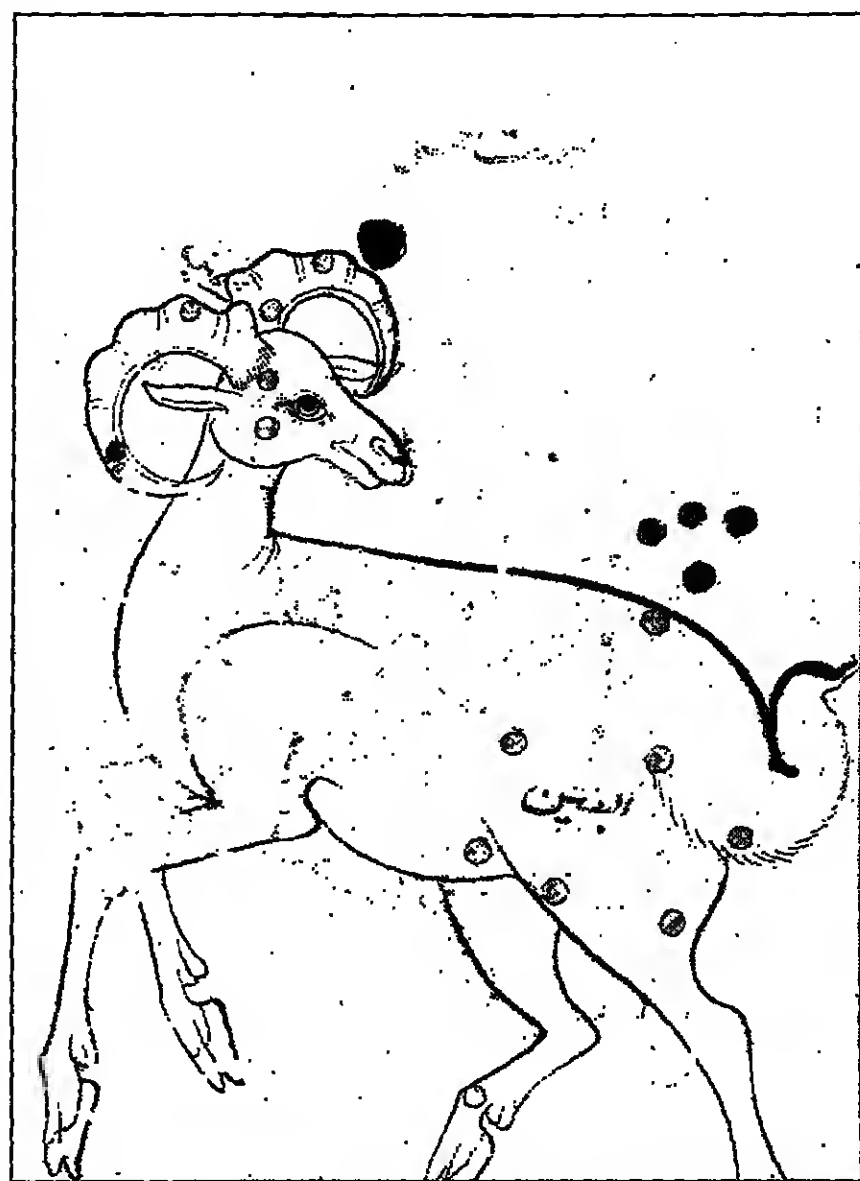


Illustration in the "Wonders of Creation" manuscript from Islamic India.

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PARIS, SUNDAY, MAY 6, 1945

Two More Reich Armies Surrender; Prague in Rebellion Against Nazis

U.S. and Britain Press Polish Issue

Demand Russia Explain Arrest of 16 Leaders Of Exiled Government

Accord Must Wait On Moscow Reply

Group Accused of Acts Against the Red Army

Special to the European Edition
SAN FRANCISCO, May 5.—The issue of Polish representation at the United Nations conference exploded today when Secretary of State R. Stettinius Jr. announced that he and Foreign Minister Anthony Eden had demanded that the Russians explain the arrest of sixteen Polish leaders associated with the London-Polish government.

Mr. Stettinius said Foreign Minister Vyacheslav M. Molotov had officially informed him and Mr. Eden that the sixteen were charged with "diversionist activities against the Red Army."

The United States and British Foreign Ministers made it clear that further discussion of acceptance of the Provisional Polish government established at Warsaw must await Moscow's reply to the request for explanation of the arrests.

Pressing for a Month
The American Secretary of State said his government had been asking for a month for an explanation concerning the arrest of the Polish democratic leaders.

One reporter asked him whether it was not true that some of those arrested were "Fascist or semi-Fascist." Mr. Stettinius said he called them "democratic leaders" because they were democratic elements among them. The group "disappeared" more than a month ago.

Mr. Eden described the arrests as "most serious." Mr. Stettinius said the following statement was made by the British government: "We told Mr. Molotov of our great concern on learning after such long delay of this disturbing development, which has a direct bearing on the working out of the Polish problem. The Crimea agreement on Poland was a solemn agreement with representatives of the Warsaw provisional government and with Polish democratic political leaders abroad."

"We have asked Mr. Molotov for a complete list of the names of those Polish political leaders who have been arrested and a full explanation of this action. Further discussion must await the reply."

Want Veto Power
At the same press conference, Mr. Stettinius said that "Big Four" are agreed on amendments to the Dumbarton Oaks security and world organization formula, except on regional arrangements and review of treaties. The Russians have reportedly refused to accept the regional mutual assistance treaties, including that with France, by retaining veto power over any possible review of them.

Concerning the amendments, Mr. Stettinius said those agreed upon took account of the geographical distribution and ability to contribute to international security. He said this will give "fair representation for the so-called middle-sized nations and small nations on the security council. I believe that the very wide extent of agreement reached so quickly and so early in the conference is an achievement of great importance."

Tass Says Polish Group Sabotaged Red Forces

LONDON, May 5 (U.P.)—Radio Moscow broadcast tonight a report by the Tass news agency reporting that the head of the group of Polish arrested in the Red Army was the famous Polish General Okulski, accused of planning and carrying out in the rear of the Red Army acts of sabotage as a result of which over 100 Red Army officers and men were killed.

"This group of sixteen people did not disappear but has been arrested by the military authorities of the Soviet front and is at present in Moscow. The group is also accused of organizing and maintaining a radio network for the purpose of spreading propaganda and of the Soviet armies. All of these people, or some of them, are being held for further inquiry."

Two Officials Executed

Lucien Ruyet and Fernand Dard, two high police officials, were executed today in the city of Vichy, according to a report from the French government.

Grave Concern Felt in London On Warsaw Rift

British Believe Question Will Bear Heavily on Security Program

By William J. Humphreys

LONDON, May 5.—Grave concern was felt in authoritative quarters here tonight over the rupture in Polish discussions in San Francisco, but it cannot be said that optimism over the three-power conversations so recently reported from the California city was ever shared here.

In view of the gravity of the problem, it being remembered that Prime Minister Churchill has called the Polish issue the most serious obstacle to a complete understanding among the United States, Great Britain and Russia, comment was made on the latest crisis in London's critical question.

Bearing on World Security
It was evident in both informed British circles and in those of the Polish government-in-exile here that reconstruction of the new government in Poland was a question having heavy on the newly-born tissues of the San Francisco meeting on a world security organization.

While affiliates of the exiled Polish government did not hide their satisfaction at the development, which has been a reminder to the confidants that the rupture had been more or less forecast in Commons last Wednesday.

On that occasion, Minister of State Richard Law answered a flurry of questions in the House about the sixteen missing Poles by saying that the British government was still pressing—as it had been doing—on the Polish government to recognize the Grimes outline for a "broadened" Warsaw government.

British circles, however, referred to the Commons records.

Enthusiasm Held Excessive
On that occasion, Minister of State Richard Law answered a flurry of questions in the House about the sixteen missing Poles by saying that the British government was still pressing—as it had been doing—on the Polish government to recognize the Grimes outline for a "broadened" Warsaw government.

Although a Tass news agency report from Moscow, tantamount to official comment, said that the Polish government, doomed to extinction in the event that the plan is ever implemented, have said that whoever wins his support would have great moral weight to throw in the balance of the American news versus those of Russia.

Lisbon Denies Mourning

The Portuguese Legation in Paris yesterday issued a formal denial of reports that the Portuguese government had decreed official mourning in Portugal for the death of Hitler.

Army Plans To Release 2,000,000

Outlines Demobilization Program to Take Effect On Victory in Europe

Some Troops to Go Directly to Pacific

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From the Herald Tribune Bureau

WASHINGTON, May 5.—The War Department announced today its demobilization and demobilization plan to go into effect on the day victory is declared in Europe.

The Department's announcement listed these five primary points: "We believe that the program, which gives an Army of 1,000,000 twelve months from now, will provide an adequate force to defeat Japan."

"About 2,000,000 men will be returned to civilian life during the next twelve months. Of these, about 1,500,000 will be surplus troops and the remainder discharged for physical and other reasons."

Furloughs Are Planned
"About two-thirds of that units will come through the United States en route to the Pacific and have furloughs."

"A large portion of service troops urgently needed in the Pacific will go there directly."

"Due to transportation shortages, even with the use of 800 transport planes, the last of the men who are to be discharged will not reach the United States before twelve months."

The announcement was made after members of the House Military Affairs Committee disclosed that they had been told by Army leaders that a total of 1,800,000 soldiers would be discharged by the end of the year, and that a force of 400,000 in the 15th Army would remain in Germany as occupation troops.

The War Department's statement continued: "Every physically fit soldier in the United States who has not yet served overseas will be assigned to the Pacific theater."

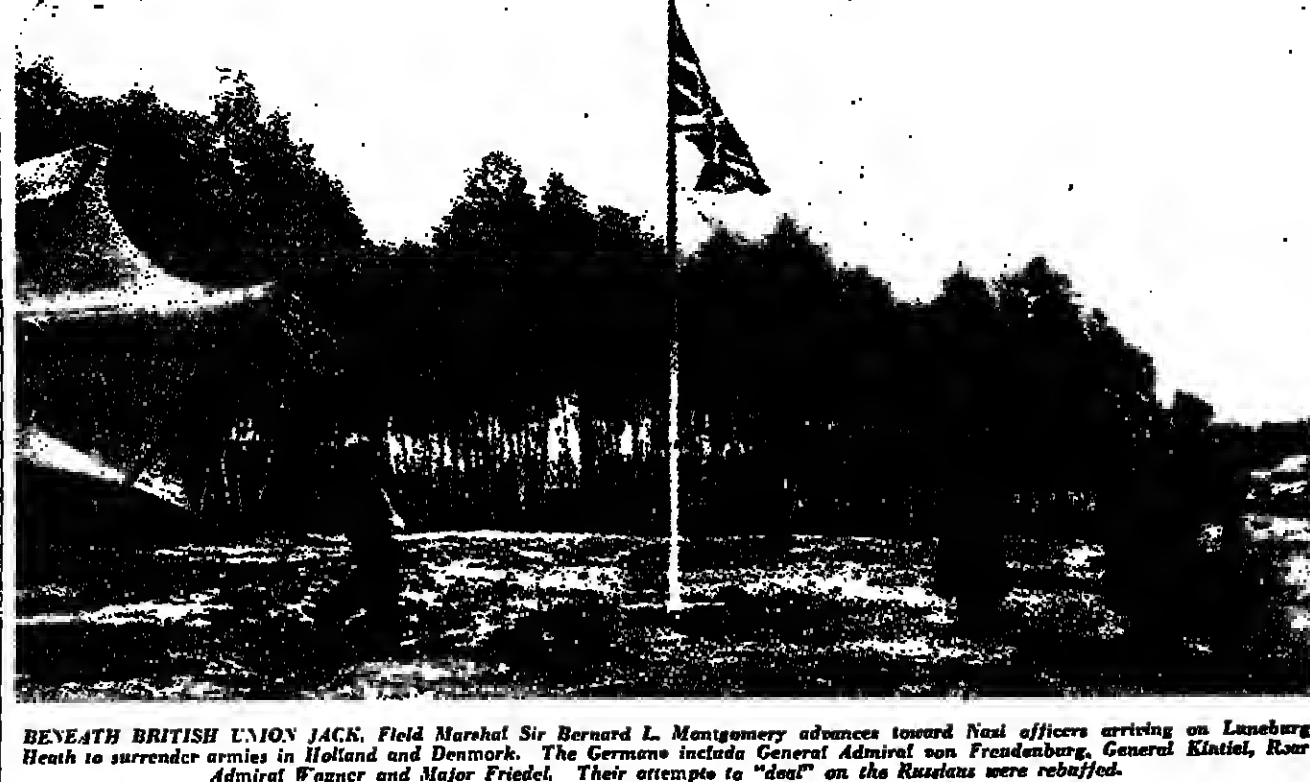
Details Not Decided
The statement said the number of troops needed for the European theater would be determined by the situation in Europe and the nature of our international commitments.

The planned reduction in total strength "will not be sufficient to permit early discharge of all men," it said, "but it will be sufficient to permit a large number of men to be returned to civilian life."

Spaniards Mourn Mussolini
MADRID, May 5 (U.P.)—Spaniards held a requiem mass here today for Mussolini.

200 Nazi U-Boats May Continue Fight After All Others Give Up

By Carl Levin
SUPREMACY HEADQUARTERS, Allied Expeditionary Force, May 5.—Additional Karl Doenitz, commander of the German Navy, said today that 200 U-boats which he still has shown no signs of capitulation.



BENEATH BRITISH UNION JACK, Field Marshal Sir Bernard L. Montgomery advances toward Nazi officers arriving on Luneburg Heath to surrender armies in Holland and Denmark. The Germans include General Admiral von Frobenburg, General Kintzel, Rear Admiral Wagner and Major Friedel. Their attempt to "dash" on the Russians were rebuffed.

Japanese Sink Five American Light Warships

U.S. Forces Shoot Down 150 Enemy Planes and Smash Attack in Okinawa Area

By Mac R. Johnson

Special to the European Edition

GUAM, May 5.—Japanese air and ground forces and small surface craft attempted coordinated counter-attacks against American troops and shipping in the Okinawa area Thursday and Friday, and although the enemy made some progress, the U.S. forces repulsed their well-planned assault.

Several other units of the American Pacific Fleet were damaged, but when the furious attack was over the Americans had shot down at least 150 enemy planes, sunk fifteen Japanese ships and had repulsed or pocketed for ultimate destruction a number of Japanese soldiers who made four landings behind American lines on southern Okinawa.

The most violent phase of the attack came between 7:45 and 9:15 a.m. Friday when a substantial number of Japanese aircraft attacked our sea forces off Okinawa. Preliminary reports indicate fifty-four planes were shot down by our fighters, and a number of Japanese ships were sunk. The Japanese have been using air strikes against the American fleet, shot down twenty-six enemy planes.

Japanese Are Reputed

Special to the European Edition
GUAM, May 5.—With heavy artillery preparation and supported by at least a dozen tanks, Japanese launched their strongest counter-attack of the Okinawa campaign yesterday morning, but they were repulsed.

Several amphibious landings were attempted in the rear of the 1st Marine Division's position at Asanuma airfield. Some Japanese were able to land at 100 yards behind the front, but most of them were wiped out. A larger number were killed when they were shot down on a reef off Asanuma airfield. Machine-gunners swept the reef, killing 100 to 200 of them.

Assembly Committee Urges Seizure of German Reserves

By Vincent Bugeja

The Foreign Affairs Committee of the French Constituent Assembly demanded yesterday immediate reparations in kind for Germany for the reconstruction of France. In a communique issued after a three-day session, the committee urged the French provisional government to negotiate with the Allies for the seizure of German reserves for the reconstruction of France.

Montgomery and Germans Sign North Reich Surrender

Cameras Grind, Correspondents Scribble Notes To Record Historic Capitulation on Wooded Hill Outside Luneburg

By Tom Twitty

Special to the European Edition

WITH FIELD MARSHAL MONTGOMERY'S 21st ARMY GROUP, May 5.—Unconditional surrender by the German high command on the northwest European front of more than 1,000,000 men, and all ships and arms, including those in Holland and Denmark, became effective at 8 o'clock this morning.

The historic surrender document, signed by Field Marshal Sir Bernard L. Montgomery as a "ship of paper," was signed in text on Luneburg Heath at 8 o'clock last night, in the presence of newspaper correspondents and before grinding and flashing cameras and recorders. The document was signed by the British field commander and the German high command.

In summary, the terms called for all land, sea and air hostilities to end this morning, with all German forces to give themselves up in "Holland, in northwest Germany, including the Prussian Islands and Heligoland and all other islands, in Schleswig-Holstein, and in Denmark."

Germany to Carry Out Orders
The German command agreed to carry out all further orders of the 21st Army Group's commander, who controls the British 4th Army, with American divisions attached, and the Canadian 1st Army, which is on the Holland front.

In order to make clear that immediate terms were subject to later additions or alterations by Allied powers, including Russia, a clause so stating was embodied in the surrender document.

The sudden formal surrender and the stop-fire order on the northwestern front followed by two days the meeting of the Russians and British at Warsaw, on the Baltic. Actually only a single combat shot had been fired in the northwestern front since Wednesday noon, as German troops in this area, accompanied by thousands of civilians, began pouring through the western Allied lines in the greatest unorganized surrender in the history of the world.

Scene on Wooded Hill
The collapse of the northwestern front, while not official like that in the northwest, is no less complete. German troops are still walking into our lines in this section in fantastic, unorganized columns.

The correspondents met Marshal Montgomery yesterday afternoon at 5 o'clock before the formal signing of the surrender agreement by five German emissaries. The scene was high on a wooded hill. (Continued on page 2, col. 3)

Food Shortage to Close 2 of 3 U.S. Officer Messes in London

By Don Cook

Special to the European Edition

LONDON, May 5.—Dining rooms of United States Army Junior and senior officers' clubs in London will close tomorrow night because of an Army food shortage. There was no indication as to when they will reopen, it was said.

The closure order leaves only one officers' mess available in central London—the huge consolidated mess at Grosvenor House Hotel—known because of its mass production of food in serving food in "Willow Room."

Czechs Battle Nazi Forces in Prague Revolt

Patriots Seize Control of the Radio, Send S.O.S. For Allied Assistance

From the Herald Tribune Bureau

LONDON, May 5.—Czechoslovak patriots were locked in a life-and-death struggle tonight with Nazi forces still resisting in the Bohemian-Moravian pocket. It was evident from all reports that the outcome of this no-quarter battle centered in the ancient Czech capital of Prague would be the decisive factor in deciding the way to an early end in Central Europe.

Continuation that the long Nazi-occupied city was a battleground since from both Czech and Nazi sources, Dr. Preisler, deputy Czech minister for Sudetenland, in a broadcast from Prague, admitted that the city was under a state of siege.

His efforts to view the situation as coming under eventual control of an occupation force were not shared by the Prague radio station. During the day it had evidently been wrested from the Germans for a broadcast of a dramatic S.O.S. asking for all available Czechs to rush to the station to secure it.

Subsequently a broadcast from London authorized by the Czechoslovak government of Czechs, announced that the final patriot uprising had begun. "Prague has been taken," said the London announcer, "let none remain silent. Death to invaders."

Nazi Flags Torn Down
Nazi flags, it was stated, were being pulled down in Prague and Czechoslovakia. Nazi flags were flying over the city for the first time since the Germans broke the Munich pledge in 1938.

Following the S.O.S. appeal, Prague was quiet for several hours, indicating that a bloody struggle was going on in the city. At 7:30 o'clock tonight the station was heard from again, broadcasting music.

Then, suddenly, there was an appeal for Allied intervention. This is Prague calling," according to the station, "the German tanks are moving against Czech armies. We want airborne help. This is Prague, Czechoslovakia."

This appeal, given in English, was followed by a warning in Czech to the capital's population to build roadblocks between Prague and Benesov. Nazi tanks were reported moving on the city from that direction.

Brown-Out to End on Victory

WASHINGTON, May 5.—The War Production Board announced today that the brown-out will be lifted immediately after President Truman proclaims the end of the war in Europe.

Group Lays Down Arms To Devers

Hundreds of Thousands of Germans Give Up in Outskirts of Munich

Patton Army Alone Continues Fighting

Resistance in Austria And Czechoslovakia

By John O'Reilly

SUPREMACY HEADQUARTERS, Allied Expeditionary Force, May 5.—Hundreds of thousands more German soldiers ceased all resistance of fighting today when Army Group G, comprising the German 1st and 19th Armies on the southern front, surrendered to General Jacob L. Devers, commander of the American 8th Army Group. Officially, the surrender goes into effect a noon tomorrow, but orders already have been broadcast to enemy units to cease firing.

The capitulation on behalf of the two German armies was effected in the outskirts of Munich, where Lieutenant General J. A. S. Patton's 3d Army Group, G, met General Devers and representatives of the American 9th and 1st French Armies which have chased the two German armies across their fatherland since the fall of 1944.

The capitulation on behalf of the two German armies was effected in the outskirts of Munich, where Lieutenant General J. A. S. Patton's 3d Army Group, G, met General Devers and representatives of the American 9th and 1st French Armies which have chased the two German armies across their fatherland since the fall of 1944.

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MAY 2-8, 1945

To commemorate the final days of the war in Europe, starting on May 2nd we will reproduce for six days the corresponding front page from the 1945 New York Herald Tribune. These pages chronicle the dramatic last week leading up to the unconditional surrender of the German Army on May 8th.

Fifty years later, you'll follow the events day-by-

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IN THE NEW YORK HERALD TRIBUNE

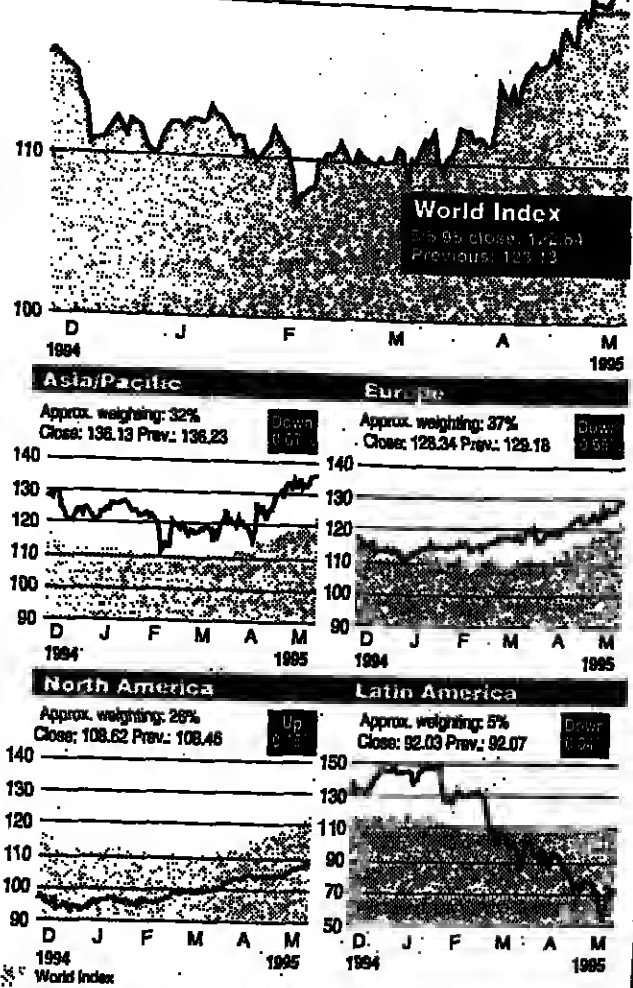
day from the reports of the Herald Tribune's award-winning team of war correspondents.

The historic reprints will appear daily from May 2nd through May 8th. If you miss one and want to order it, back issues can be obtained from our Circulation Department in Paris (tel 331-41 43 94 39, fax 331-41 43 94 40) or purchased at IHT headquarters, 181 avenue Charles-de-Gaulle, Neuilly (Paris), France.

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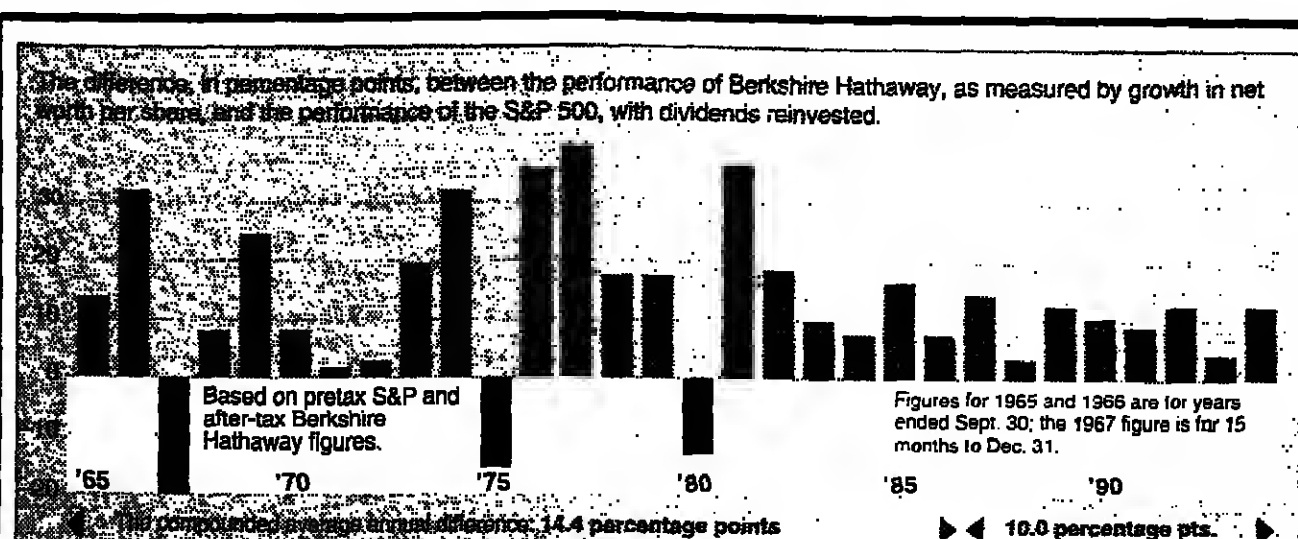
THE TRIB INDEX: 122.84

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar value of stocks in Tokyo, New York, London, and other major markets. It is composed of 280 stocks from 25 countries. For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92292 Neuilly Cedex, France.

Industrial Sectors	1994	1995	% Change
Energy	127.09	127.84	-0.43
Utilities	132.85	133.00	-0.11
Finance	124.18	124.32	-0.11
Services	114.51	114.86	-0.38
Capital Goods	125.41	125.97	-0.44
Raw Materials	142.46	142.84	-0.27
Consumer Goods	115.58	115.72	-0.12
Miscellaneous	126.08	126.51	-0.42



Source: Berkshire Hathaway

Could It Be? Buffett Is Mortal?

By Peter Truell
New York Times Service

NEW YORK — Warren Buffett, America's folksy billionaire investor from Nebraska, confessed recently that his investment in USAir Group Inc. was a result of "sloppy analysis" that might have been caused by "hubris."

Of course, hubris is something Mr. Buffett, 64, might be allowed, now that he is worth more than \$11 billion.

But sloppy analysis? Few people have ever accused him of that. Yet Mr. Buffett's mea culpa, along with some less-than-stellar moves in recent years, sug-

gest the unthinkable: The legendary Mr. Buffett is in a bit of a slump.

A look at some of his highest investment disappointments — including USAir and Salomon Brothers Inc. — shows that Mr. Buffett has at times strayed from his own axioms for success.

Among those axioms: Don't try to time the market; invest in businesses with histories of steady earnings growth; invest for the long term; don't invest in something that you don't fully understand; invest in managements with proven track records; and don't get involved in the management.

It is not as though Mr. Buffett is about to be knocked from his pedestal. Berk-

shire Hathaway Inc., the holding company that is his investment vehicle and of which he owns 41 percent, still produces returns that are the envy of Wall Street, outperforming the Standard & Poor's Index of 500 companies by double digits year after year.

It is just that his performance has slipped noticeably since he began stepping in as a savior of companies threatened by hostile takeovers in the late 1980s.

From 1965 through 1986, Berkshire Hathaway's net worth increased at an average compound annual rate of 23.63 percent.

See BUFFETT, Page 12

Steady U.K. Rates Send Markets Lower

Compiled by Our Staff From Dispatches

LONDON — British monetary authorities left interest rates unchanged Friday, dismayed financial markets.

Many analysts had expected an increase of half a percentage point.

The announcement that base lending rates would remain at 6.75 percent followed a meeting of the chancellor of the Exchequer, Kenneth Clarke, and the governor of the Bank of England, Eddie George.

Financial markets fell after the announcement, with cur-

rency traders selling the pound heavily. The pound finished in London at 2.1899 Deutsche marks, down from 2.2140 DM Thursday. The pound's record low against the mark is 2.1790, set April 19.

The Financial Times-Stock Exchange 100 index closed down 12.60 points at 3,251.70.

Long-term bond yields rose 7 basis points amid concern that the decision could speed inflation, which erodes the value of fixed-income securities.

"The decision hit the long end of the gilt market," said

Ciaran Barr, an economist at Morgan Grenfell & Co. "We're also likely to see a widening of spreads against other markets."

But shorter-term bonds rallied, with yields falling as much as 8 basis points.

"There are clear signs economic activity is starting to slow down to a more sustainable pace," Mr. Clarke said.

As chancellor of the Exchequer, he has final say on interest rate increases. Mr. George did not attend the briefing.

"It's fairly clear there has been a split between the bank and the Treasury," said Nick Parsons, chief treasury economist at Standard Chartered Bank.

A Bank of England spokesman declined to comment on the move.

U.S. Appears Ready to Slap Tariffs on Japan

By David E. Sanger
New York Times Service

WASHINGTON — After three days of fruitless talks, the Clinton administration appeared headed Friday night toward imposing enormous trade sanctions against Japan because of the long-running dispute over American access to the Japanese automobile market.

Negotiations were continuing Friday night in Vancouver, British Columbia, between the U.S. trade representative, Mickey Kantor, and Japan's minister of International Trade and Industry, Ryutaro Hashimoto.

Administration officials said that a decision to impose sanctions might be delayed if Mr. Hashimoto, one of the leading candidates to become Japan's next prime minister, agreed to deeper talks about letting Japanese automakers enter a "voluntary" plan to buy billions of dollars in auto parts from American companies in coming years.

line, and a potential economic crisis for Japanese automakers, that would force an agreement.

In the interim, American companies would be given a chance to review the list, and seek to eliminate items that they heavily depend upon for the production of automobiles and other U.S. goods. The final sanctions list, if it goes into effect, would probably be several billion dollars smaller than the preliminary list.

Administration officials concede, however, that it is a risky strategy. While Japan has backed down previously when sanctions have been threatened, the economic troubles facing the auto industry in Japan since the yen soared in value against the dollar give Tokyo much less room to bargain.

The United States is demanding agreements in three areas — a pledge by Japanese companies to buy more U.S. parts, an increase in the number of Japanese dealerships selling U.S. cars, and relaxation of inspection regulations viewed as blocking the sale of foreign-made replacement parts.

However, the Japanese have said that they will break off talks once a sanctions list is published and instead lodge an unfair trading case against the United States before the new World Trade Organization.

While the Japanese have accused the Clinton administration of unilateral bullying and trying to force them to accept numerical targets for U.S. exports, the administration has contended that Japan's system of closed markets and its huge \$66 billion trade surplus with the United States has to be resolved in some way.

Autos and auto parts make up nearly 60 percent of the U.S. trade deficit with Japan.

In an interview with the Detroit Free Press on Thursday, Mr. Clinton left little doubt that he was ready to impose tough sanctions on Japan if the auto talks failed.

The idea is to create a dead-

ECONOMIC SCENE

High-Cost Singapore Keeps Its Cachet

By Michael Richardson
International Herald Tribune

SINGAPORE — When Singapore's currency started to rise sharply against the U.S. dollar last year, some economists warned that its manufacturing sector would follow Japan's, where the ascent of the yen has forced companies to shift production overseas as foreign investment in the country has fallen.

But despite the surge of nearly 15 percent by the Singapore dollar against its U.S. counterpart since the beginning of 1994, foreign investment in manufacturing on the island-state has continued to grow strongly, as have exports of manufactured products.

The reason, analysts say, is that a program to restructure Singapore's economy by attracting capital-intensive industries to replace the labor-intensive ones that are moving to lower-cost countries elsewhere in South East Asia is succeeding. They say that a policy of managing the Singapore dollar against the currencies of major trading partners also has helped preserve the country's competitive edge.

While the Singapore dollar has recently hit new highs against the U.S. currency (the dollar traded this week near 1.39 Singapore dollars, down from 1.45 dollars in January) its value has fallen by more than 2 percent when measured on a trade-weighted basis against the currencies of Singapore's 10 most important trading partners since the beginning of the year. Those partners are Japan, Ger-

many, Malaysia, Hong Kong, Thailand, Taiwan, South Korea, Britain and China and the United States.

Moreover, despite the rising costs of doing business in Singapore, many high-technology multinational manufacturers

High-technology global manufacturers still consider the island-state a good base.

still consider it a good base for tapping markets elsewhere in the world.

On Wednesday, for example, Schering-Plough Corp., the U.S.-based pharmaceutical company, began construction on a new factory costing about 300 million Singapore dollars. When completed in mid-1997, the plant will make bulk chemicals and active ingredients for drugs and medicines for shipment to Schering-Plough affiliates in other countries.

Investment commitments in Singapore's manufacturing sector soared to a record 5.8 billion dollars in 1994. The three largest investors were the United States, which committed nearly 2.5 billion dollars, Japan, with 914 million dollars and Europe with 907 million dollars.

Paul Schymyck, an economist at the securities house HG Asia (Singapore)

Ltd., said he expected similar levels of foreign investment over the next two years. He said that a Japan-style hollowing out had not occurred in Singapore because foreign manufacturers wanted to locate themselves in the booming Southeast Asian region to "ensure that they are in touch with local needs and trends."

For such companies — which also typically place a high premium on efficient air and sea transport, telecommunications and other supporting services and facilities — the fact that Singapore's wage costs are higher than those of other Southeast Asian nations is a less-important consideration.

Luz Lorenzo, a senior economist at Peregrine Brokerage Ltd. in Hong Kong, said that steadily increasing production of exports with higher value added to them locally had enabled Singapore to remain competitive despite its strengthening currency.

Some Singapore-based companies, especially those that import capital equipment from Japan and sell their products in U.S. dollars, have been hit by the rise of the yen. But Richard Hu, Singapore's finance minister, said recently that, on the whole, the Singapore economy had not been affected very much by the turmoil in the international currency markets.

He said this was because the Singapore dollar had only appreciated modestly against a basket of currencies of countries with which the island-state had extensive trade.

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AVIS AUX ACTIONNAIRES

L'Assemblée Générale Ordinaire prévue le 24 Avril 1995 ayant été reportée.

Messieurs les actionnaires sont convoqués par le présent avis à l'ASSEMBLÉE GÉNÉRALE ORDINAIRE DES ACTIONNAIRES qui se tiendra au siège social, 20 Boulevard Emmanuel Servais, L-2553 Luxembourg, le Lundi 22 Mai 1995 à 15 h 30, avec l'ordre du jour suivant :

- ORDRE DU JOUR**
1. Rapport de gestion du Conseil d'Administration ;
 2. Rapport du Réviseur d'Entreprises ;
 3. Adoption des comptes de l'exercice au 31 décembre 1994 ;
 4. Affectation du résultat ;
 5. Décharge aux administrateurs et au Réviseur d'Entreprises ;
 6. Nomination des organes sociaux :
— Nomination des administrateurs ;
— Élection du Réviseur d'Entreprises.
 7. Divers.
- Les résolutions des actionnaires lors de l'Assemblée Générale Ordinaire seront votées à une majorité simple des actionnaires présents et votants.
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Herald Tribune

CURRENCY & INTEREST RATES

May 5 Eurocurrency Deposits										May 5									
	\$	£	D.M.	F.F.	Lfr.	D.J.F.	S.F.	Yen	CS	Points		Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	
Amsterdam	28.3	4.58	26.65	5.74	1202	4.02	—	26.9	0.238	31.7	31.1	1 month	5 1/4 %	4 1/4 %	3 1/4 %	6 1/4 %	1 1/4 %	6 1/4 %	6 1/4 %
Brussels	1372	1.37	—	1275	1207	8.82	4.87	1272	1.82	1.87	1.22	3 months	6 1/4 %	5 1/4 %	4 1/4 %	7 1/4 %	1 1/4 %	6 1/4 %	6 1/4 %
Frankfurt	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01	6 months	6 1/4 %	5 1/4 %	4 1/4 %	7 1/4 %	1 1/4 %	6 1/4 %	6 1/4 %
London	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01	1 year	6 1/4 %	5 1/4 %	4 1/4 %	7 1/4 %	1 1/4 %	6 1/4 %	6 1/4 %
Madrid	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01								
Milan	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01								
New York	4.15	7.255	2.577	—	1272	8.82	4.87	1272	1.82	1.87	1.22								
Paris	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01								
Tokyo	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01								
Zurich	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01								
1 BCU	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01								
1 SDR	1.287	—	2.189	7.259	2.643	2.657	43.765	1.89	13.615	21.69	75.01								

Changes in Amsterdam, London, Milan, Paris, New York, Tokyo and Zurich, figures in other centers, a: To buy one dollar; b: To buy one dollar; c: Units of 100; N.G.: not quoted; N.A.: not available.

Key Money Rates										May 5									
	Per \$	Per £	Per D.M.	Per F.F.	Per Lfr.	Per D.J.F.	Per S.F.	Per Yen	Per CS		United States	Close	Prev.	Britain	Close	Prev.	France	Close	Prev.
1-month Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	1-month Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
3-month Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	3-month Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
6-month Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	6-month Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
1-year Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	1-year Treasury bill	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
1-month commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	1-month commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
3-month commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	3-month commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
6-month commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	6-month commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
1-year commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	1-year commercial paper	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58

Source: Reuters, London Bank. Rates available to interbank deposits of \$1 million minimum (or equivalent).

Phone Division Helps Mannesmann Get Back to Profit

Compiled by Our Staff From Dispatches

DUSSELDORF—Mannesmann AG said Friday a first-time profit in its telecommunications division was the driving force behind its swing to profit in 1994.

The company reported net income of 340 million Deutsche marks (\$247 million), reversing a loss of 513 million DM in 1993, the company's worst-ever year.

CL Stake Weighs on Thomson

Compiled by Our Staff From Dispatches

PARIS—Thomson-CSF, burdened by its minority holding in Credit Lyonnais, posted a 1994 loss of 962 million French francs (\$196.7 million) after posting a 2.83 billion-franc loss a year earlier.

The 1993 loss was restated to comply with international accounting standards.

The defense-electronics company has a 19 percent stake in the state-owned bank Credit Lyonnais. Its loss stemming from this stake dropped to 1.55 billion francs in 1994 from 3.75 billion francs in 1993.

The company said it would resume dividend payments, giving shareholders a net dividend of 2 francs a share. It has not paid a dividend since 1992.

Thomson-CSF shares finished 1 franc higher at 129.70 francs.

Alain Gomez, the company's chairman, predicted the firm would return to profit in 1995 if Credit Lyonnais holds to its forecast of making a profit and if a state-backed rescue for the bank is not thrown out by the European Commission.

(Reuters, Bloomberg)

Indian State Threatens U.S. Project

The Associated Press

NEW DELHI—A newly elected state government is reviewing an American company's contract to build a big power project that has been criticized as evidence that foreign companies are profiting at India's expense.

The outcome of the case, involving the Enron Corp. of Houston, is being closely watched both by international investors and the national Indian government, which has called the deal a litmus test for its plans to persuade international companies to finance roads, power grids and telecommunications.

Washington has made it clear that cancellation of the \$2.8 billion deal—the largest foreign investment ever made in India—could be a setback for future business in India.

On Wednesday in Bombay, the capital of Maharashtra State, the new government held its first meeting to frame its questions: Why didn't the preceding state government put the contract up for competitive bidding? Why were clauses kept secret? Why are capital costs so

high? Why will the state electricity board pay so much for the power?

When Enron's gas-fired power station goes on line in 1997, it will sell electricity for 2.48 rupees (8 cents) per kilowatt hour, compared with 1.74 rupees the electricity board pays now. That cost will escalate to 8.72 rupees in 2016.

Bulldozers and more than 1,000 workers have already begun to clear a hilltop site for the 695-megawatt station on the wild coast overlooking the Arabian Sea in Maharashtra. The plant is being built by the Dabhol Power Co., which was formed by Enron and its junior partners, Bechtel Enterprises Ltd. and the General Electric Corp.

But the state government says if wrongdoing is uncovered, it is not too late to cancel the deal.

The project has been mired in difficulties since Enron began negotiating it more than two years ago.

It went through nine court cases before it became a campaign issue in the state election last March. A coalition of right-wing parties opposing the deal ousted the long-entrenched Congress (I)

Party government in Maharashtra, India's most industrialized state.

Praising India's heritage of socialism and self-reliance, the winning alliance of the Shiv Sena and the Bharatiya Janata Party announced it would give preference to Indian companies over outsiders whenever possible in awarding contracts.

Enron says the deal looks so lucrative because it was negotiated in 1992 at a time when India was trying to lure foreign investors to develop its infrastructure. Subsequently, India has stopped making such generous terms.

But Pratul Bidwai, a columnist for The Times of India newspaper, wrote Thursday, "The deal is irredeemably flawed." Laying out the opponents' case, Mr. Bidwai said the hardware for generating power is only one-fifth the cost of the project.

Mr. Bidwai accused Enron of reaping such fantastic "unearned, windfall profits" that it would be cheaper for India to cancel and pay the compensation of \$100 million called for under the contract.

Sweden Hopeful on Joining Union

Compiled by Our Staff From Dispatches

STOCKHOLM—Finance Minister Göran Persson said Friday that Sweden would be able to meet the criteria needed to join the European Monetary Union by 1997, though it would have difficulty lowering its public debt to less than 60 percent of gross domestic product.

Speaking at a news conference, Mr. Persson said Sweden's debt would fall from current levels of 90 percent of the GDP, but added that he hoped Sweden could "discuss" the debt-to-GDP ratio criteria with the European Commission, Belgium and other countries, he

said, have a much larger debt ratio than Sweden.

The finance minister said that the other requirements for monetary union—lowering inflation and limiting the budget deficit as a percentage of gross domestic product—can be met. He repeated the government's forecast that the budget deficit as a percentage of GDP now at 13 percent, will be at 3.5 percent by 1997.

Mr. Persson's comments came in the wake of accusations by opponents of the Social Democratic government that Sweden will not be able to meet

the monetary union requirements in time.

Even if Sweden is able to meet the rules, it will still be up to Parliament to decide whether the country will join the union.

Mr. Persson also said Sweden would be able to meet the requirement for low interest rates, and that he hoped the Swedish krona would achieve a higher degree of credibility in the currency markets, which have hampered it to record lows this year.

But, he added, keeping the krona stable was the responsibility of Sweden's central bank, the Riksbank.

(Knight-Ridder, AFX)

Strong Sales Lift Atlas Copco Earnings

Compiled by Our Staff From Dispatches

STOCKHOLM—Atlas Copco AB said Friday that strong demand from all business areas in the first quarter helped lift its pretax profit 70 percent, to 647 million kronor (\$89.4 million), from the first quarter of 1994.

The Swedish mining and industrial machinery maker said it expected earnings for all of 1995 to be "considerably higher than in 1994."

Sales rose to 5.63 billion kronor from 4.83 billion kronor, while operating profit jumped to 612 million kronor from 397 million kronor.

Atlas said major sales increases were noted in the Americas, where it registered 24 percent of sales, as well as in India and Japan.

Sales also were strong in such key European markets as Germany, France and Spain. Europe accounted for 52 percent of all orders received in the first quarter.

"Expectations had been high, but still it was an impressive result," said an analyst at the brokerage Alfred Berg Foodkommission.

Atlas shares closed at 102 kronor, down 2.50.

(Reuters, Bloomberg)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2150	3300	2000
2100	3220	1925
2050	3140	1850
2000	3060	1775
1950	2980	1700
1900	2900	1625
1850	2820	1550
1800	2740	1475
1750	2660	1400
1700	2580	1325
1650	2500	1250
1600	2420	1175
1550	2340	1100
1500	2260	1025
1450	2180	950
1400	2100	875
1350	2020	800
1300	1940	725
1250	1860	650
1200	1780	575
1150	1700	500
1100	1620	425
1050	1540	350
1000	1460	275
950	1380	200
900	1300	125
850	1220	50
800	1140	-25
750	1060	-100
700	980	-175
650	900	-250
600	820	-325
550	740	-400
500	660	-475
450	580	-550
400	500	-625
350	420	-700
300	340	-775
250	260	-850
200	180	-925
150	100	-1000
100	20	-1075
50	-60	-1150
0	-140	-1225
-50	-220	-1300
-100	-300	-1375
-150	-380	-1450
-200	-460	-1525
-250	-540	-1600
-300	-620	-1675
-350	-700	-1750
-400	-780	-1825
-450	-860	-1900
-500	-940	-1975
-550	-1020	-2050
-600	-1100	-2125
-650	-1180	-2200
-700	-1260	-2275
-750	-1340	-2350
-800	-1420	-2425
-850	-1500	-2500
-900	-1580	-2575
-950	-1660	-2650
-1000	-1740	-2725
-1050	-1820	-2800
-1100	-1900	-2875
-1150	-1980	-2950
-1200	-2060	-3025
-1250	-2140	-3100
-1300	-2220	-3175
-1350	-2300	-3250
-1400	-2380	-3325
-1450	-2460	-3400
-1500	-2540	-3475
-1550	-2620	-3550
-1600	-2700	-3625
-1650	-2780	-3700
-1700	-2860	-3775
-1750	-2940	-3850
-1800	-3020	-3925
-1850	-3100	-4000
-1900	-3180	-4075
-1950	-3260	-4150
-2000	-3340	-4225
-2050	-3420	-4300
-2100	-3500	-4375
-2150	-3580	-4450
-2200	-3660	-4525
-2250	-3740	-4600
-2300	-3820	-4675
-2350	-3900	-4750
-2400	-3980	-4825
-2450	-4060	-4900
-2500	-4140	-4975
-2550	-4220	-5050
-2600	-4300	-5125
-2650	-4380	-5200
-2700	-4460	-5275
-2750	-4540	-5350
-2800	-4620	-5425
-2850	-4700	-5500
-2900	-4780	-5575
-2950	-4860	-5650
-3000	-4940	-5725
-3050	-5020	-5800
-3100	-5100	-5875
-3150	-5180	-5950
-3200	-5260	-6025
-3250	-5340	-6100
-3300	-5420	-6175
-3350	-5500	-6250
-3400	-5580	-6325
-3450	-5660	-6400
-3500	-5740	-6475
-3550	-5820	-6550
-3600	-5900	-6625
-3650	-5980	-6700
-3700	-6060	-6775
-3750	-6140	-6850
-3800	-6220	-6925
-3850	-6300	-7000
-3900	-6380	-7075
-3950	-6460	-7150
-4000	-6540	-7225
-4050	-6620	-7300
-4100	-6700	-7375
-4150	-6780	-7450
-4200	-6860	-7525
-4250	-6940	-7600
-4300	-7020	-7675
-4350	-7100	-7750
-4400	-7180	-7825
-4450	-7260	-7900
-4500	-7340	-7975
-4550	-7420	-8050
-4600	-7500	-8125
-4650	-7580	-8200
-4700	-7660	-8275
-4750	-7740	-8350
-4800	-7820	-8425
-4850	-7900	-8500
-4900	-7980	-8575
-4950	-8060	-8650
-5000	-8140	-8725
-5050	-8220	-8800
-5100	-8300	-8875
-5150	-8380	-8950
-5200	-8460	-9025
-5250	-8540	-9100
-5300	-8620	-9175
-5350	-8700	-9250
-5400	-8780	-9325
-5450	-8860	-9400
-5500	-8940	-9475
-5550	-9020	-9550
-5600	-9100	-9625
-5650	-9180	-9700
-5700	-9260	-9775
-5750	-9340	-9850
-5800	-9420	-9925
-5850	-9500	-10000
-5900	-9580	-10075
-5950	-9660	-10150
-6000	-9740	-10225
-6050	-9820	-10300
-6100	-9900	-10375
-6150	-9980	-10450
-6200	-10060	-10525
-6250	-10140	-10600
-6300	-10220	-10675
-6350	-10300	-10750
-6400	-10380	-10825
-6450	-10460	-10900
-6500	-10540	-10975
-6550	-10620	-11050
-6600	-10700	-11125
-6650	-10780	-11200
-6700	-10860	-11275
-6750	-10940	-11350
-6800	-11020	-11425
-6850	-11100	-11500
-6900	-11180	-11575
-6950	-11260	-11650
-7000	-11340	-11725
-7050	-11420	-11800
-7100	-11500	-11875
-7150	-11580	-11950
-7200	-11660	-12025
-7250	-11740	-12100
-7300	-11820	-12175
-7350	-11900	-12250
-7400	-11980	-12325
-7450	-12060	-12400
-7500	-12140	-12475
-7550	-12220	-12550
-7600	-12300	-12625
-7650	-12380	-12700
-7700	-12460	-12775
-7750	-12540	-12850
-7800	-12620	-12925
-7850	-12700	-13000
-7900	-12780	-13075
-7950	-12860	-13150
-8000	-12940	-13225
-8050	-13020	-13300
-8100	-13100	-13375
-8150	-13180	-13450
-8200	-13260	-13525
-8250	-13340	-13600
-8300	-13420	-13675
-8350	-13500	-13750
-8400	-13580	-13825
-8450	-13660	-13900
-8500	-13740	-13975
-8550	-13820	-14050
-8600	-13900	-14125
-8650	-13980	-14200
-8700	-14060	-14275
-8750	-14140	-14350
-8800	-14220	-14425
-8850	-14300	-14500
-8900	-14380	-14575
-8950	-14460	-14650
-9000	-14540	-14725
-9050	-14620	-14800
-9100	-14700	-14875
-9150	-14780	-14950
-9200	-14860	-15025
-9250	-14940	-15100
-9300	-15020	-15175
-9350	-15100	-15250
-9400	-15180	-15325
-9450	-15260	-15400
-9500	-15340	-15475
-9550	-15420	-15550
-9600	-15500	-15625
-9650	-15580	-15700
-9700	-15660	-15775
-9750	-15740	-15850
-9800	-15820	-15925
-9850	-15900	-16000
-9900	-15980	-16075
-9950	-16060	-16150
-10000	-16140	-16225

Very briefly:

- Belgium's National Bank said unemployment remained steady from March to April, at 10.1 percent; the Ministry of Labor said earlier this week that April unemployment stood at 13.4 percent. The National Bank's figures are calculated in line with standard European Union methods.
- Radiotelevisione Italiana posted a 1994 profit of 19 billion lire (\$1.15 million), reversing a loss of 479 billion lire a year ago; the state-controlled broadcaster forecast 1995 profit of 30 billion lire.
- Banco de Santander SA of Spain was reported to have bought a 2 percent stake in the Italian bank Istituto Bancario San Paolo di Torino SPA, for around 137.1 billion lire; Emilio Botin, chairman of Banco Santander, was named a director of San Paolo di Torino.
- Greece said consumer prices rose 9.9 percent in April from a year ago; inflation had not been under 10 percent since 1973.
- Rosneft-Ural SA, a French unit of Hoechst AG of Germany, said first-quarter sales fell 14.6 percent, to 3.94 billion francs (\$805.6 million).
- L'Air Liquide SA, the French producer of industrial gases, said first-quarter sales rose 3.8 percent to 7.9 billion francs.
- National Bank of Hungary forecast that annual consumer-price inflation would fall to below 25 percent by December; Hungary's annual inflation rate in March was 27.5 percent.
- Germany said crude steel production rose 7.7 percent in April from a year earlier, to 3.60 million metric tons.
- Siemens AG said its semiconductor unit increased production capacity by 40 percent at its factory in Regensburg, Germany, allowing it to produce 10,000 chips a day.
- CS First Boston said its two most senior Moscow executives, Boris Jordan and Stephen Jennings, had resigned to create a new Russian investment-banking and securities business.
- Kenya's annual consumer price inflation rate was negative 3.7 percent in April, down from negative 0.7 percent in March. The April rate was the fifteenth consecutive monthly fall; in April last year, inflation stood at 47.8 percent.
- ISS-International Service System AS, the world's largest cleaning company, said it bought Aabrink Renovering AS, a rival Danish cleaning company; the companies would not disclose financial terms.

ASIA/PACIFIC

O'Reilly Empire Takes 28% Stake In Wilson & Horton

Compiled by Our Staff From Dispatches
WELLINGTON — Ireland's Independent Newspapers PLC made another move toward expansion Friday, purchasing a 28.3 percent stake in the New Zealand newspaper publisher Wilson & Horton Ltd. for 293 million New Zealand dollars (\$199 million).

Independent Newspapers, headed by the Irish entrepreneur Tony O'Reilly, has publishing interests in Europe, South Africa and Australia. It acquired the stake from Brierley Investments Ltd., which had been widely perceived as an unwelcome suitor for Wilson & Horton.

Last autumn, Independent bought 6.6 percent of Portugal's largest newspaper group, Jornalgeste.

Mr. O'Reilly, who also is chairman of the U.S. food concern H.J. Heinz Co., said he was "delighted to have acquired a strategic shareholding in Wilson & Horton." It was the O'Reilly family's second major foray into New Zealand, a country the family has praised for its open markets and stable economy. In 1992, Heinz bought Wattie Foods Ltd., New

Zealand's largest non dairy food producer.

Brierley sold its stake for 10.50 dollars a share, but the company also will collect a special 1.50 dollar-a-share dividend, declared Friday by Wilson & Horton. Shares in Wilson & Horton, which publishes New Zealand's largest-circulation daily newspaper, The New Zealand Herald, rose 35 cents to close at 10.20 dollars on Friday. Announcement of the sale came after the stock exchange had closed.

"It's good for the company and good for the stock," said Mike Ryan, an analyst at the brokerage Jordan Sandman Wren, referring to Wilson & Horton. "It puts a newspaper company onto the register and they may be able to add some value."

The purchasing company was Independent Press Ltd., which was formed solely for the purpose of acquiring the Wilson & Horton stake. Independent Press is 50 percent owned by Independent Newspapers and 50 percent owned by the O'Reilly Trust.

(Reuters, Bloomberg)

TNT Acknowledges Talks On Stake in Ansett Airlines

REUTERS
SYDNEY — TNT Ltd., the Australian transport company, said Friday it had been in discussions with Air New Zealand Ltd. about the air carrier's possible purchase of a 50 percent stake in Ansett Airlines, which is 50-percent owned by TNT.

It has been widely reported in local media that Air New Zealand was close to an agreement to buy the stake from Rupert Murdoch's News Corp. for between 400 million Australian dollars (\$296 million) and 600 million dollars. TNT and News Corp. bought Ansett, Australia's second-largest airline, in the 1970s.

TNT was responding to a query from the Sydney Stock Exchange regarding shareholding arrangements relating to the possible sale.

"TNT advises it has been involved in discussions with Air New Zealand to define possible arrangements should the News Corporation Ltd. group decide to sell its 50 percent stake in Ansett to Air New Zealand," TNT said. "These discussions have focused on areas of compatibility between TNT and Air New Zealand should a sale of News' stake in Ansett occur."

"TNT is not involved in or privy to any discussions between News and Air New Zealand concerning the sale of News' 50 percent stake in Ansett," TNT added.

In Search of a New ADB

By Kevin Murphy
International Herald Tribune

AUCKLAND, New Zealand — The Asian Development Bank closed its 28th annual meeting Friday amid general agreement that its president of one year, Mitsuo Sato of Japan, had led the bank to a strong turnaround.

But precisely where the ADB should be headed next and who will pay for it all spurred heated debate among its 55 member countries during three days of speeches and meetings.

Indeed, as is the case with multilateral development banks elsewhere in the world, the Manila-headquartered institution is searching for a new role in changing times.

"We are shifting from traditional infrastructure lending to the support of social and environmental projects," Mr. Sato said Friday, explaining why total bank lending had fallen by nearly a third, to about \$3.7 billion, in 1994.

"These new projects are small in size but take the same time to assess," he added. "We are now emphasizing quality over quantity of projects and it takes time to change our methods."

While the bank anticipated that lending would return to 1993 levels of about \$5.2 billion this year and expand in 1996, many borrowing countries feared that the ADB was changing gears at a time when they badly needed bridge, road and power projects.

"We face a situation where, to compete with the emerging Asian economies, we must have improved infrastructure

or most foreign investors won't bother to come," the delegation head of one poor but populous Asian country said.

"The private sector isn't ready to take a risk with us when they have so many other options in the region now. We welcome more emphasis on social and environmental projects but, without enough electricity, we're never going

'We are now emphasizing quality over quantity of projects.'

Mitsuo Sato, president of the Asian Development Bank.

to get anywhere in terms of real growth."

India's top official here, N.K. Singh, a secretary for external affairs with the country's finance ministry, put the developing nations' concerns more bluntly.

"A sharply declining lending operation cuts at the very reason d'être of the bank itself," he said, registering India's disappointment in receiving only one loan worth \$150 million last year, compared with close to \$1 billion in loans in each of the previous two years.

However, as budgets have tightened among traditional donor countries in Europe, the United States and elsewhere in the developed world,

blank checks and capitalist guilt have withered away. With Asia's nuts-and-bolts infrastructure needs now estimated to surpass \$1 trillion, many policymakers now argue that banks such as the ADB should leave most large-project commitments to the private sector.

Many donor countries, moreover, are pleased to see the bank using its funds and strong credit rating to provide a critical linchpin for deals largely financed by others.

"One is struck by the solidity of the ADB these days," said Ole Kristian Holthe, a top Norwegian official. The United States, however, the bank's second-largest individual shareholder, balked at discussing the terms of the seventh Asian Development Fund while it was still \$437 million in arrears on a 1992 pledge to the sixth.

Nor would Washington support moves by India and China to be allowed access to the so-called soft loan window now denied them whenever the seventh installment of the fund was finally negotiated.

The world's two most populous countries' failure to qualify for loans granted to others at 1 percent interest rates has been a cause of tension in previous meetings, bringing China to the brink of leaving the bank.

"People have to be realistic about how much influence donors can have these days in some areas," one bank official said. "Lending China \$1.1 billion last year at slightly better than commercial rates doesn't buy a lot of leverage in Beijing."

Acer Stock Is Hurt by Strong Yen

Bloomberg Business News

TAIPEI — Shares in Acer Inc., Taiwan's largest manufacturer of personal computers, rose by more than 6 percent Friday after the company said it had taken a charge of \$47 million in the first quarter because of currency losses.

Acer shares closed at 74 dollars, down 5 dollars.

Philip Peng, the company's vice president for finance, had said last week that the loss would be about 253 million dollars and was chiefly due to the appreciation of the Japanese yen.

On April 27, Acer said its net profit for the first quarter rose nearly 37 percent from the year-ago period, to 749 million dollars. Sales increased 96 percent, to 11.2 billion dollars.

Acer also said Friday that it planned to enter the consumer electronics business by manufacturing set-top boxes and compact-disk players.

"These two products are sure things," said Rick Lei, Acer's vice president for sales and marketing.

Production of video compact disk players is expected to begin in Taiwan before the end of 1995. Set-top boxes, small computers mounted on televisions that let consumers order videos and interact with games, are expected to be produced some time in 1996, Mr. Lei said.

Productivity Lifts San Miguel's Net

Bloomberg Business News

MANILA — San Miguel Corp., the Philippines' largest industrial concern, said increases in productivity and sales pushed its net income up 19 percent during the first quarter from the first-quarter of 1994.

Profit at the brewer and soft drink distributor reached 1.06 billion pesos (\$41 million), up from 894 million pesos in the year-ago quarter.

The conglomerate derives about two-thirds of its revenue from beverages, including its flagship San Miguel beer, Coca-Cola soft drinks, and Ginebra San Miguel gin.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
				
D J F M A M 1994 1995	D J F M A M 1994 1995	D J F M A M 1994 1995		
Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	8,332.17	8,318.75	+0.15
Singapore	Straits Times	2,058.80	2,068.98	-0.54
Sydney	All Ordinaries	2,065.90	2,065.20	+0.03
Tokyo	Nikkei 225	Closed	17,088.86	-
Kuala Lumpur	Composite	956.44	951.38	+0.53
Bangkok	SET	Closed	1,283.06	-
Seoul	Composite Index	Closed	922.05	-
Taipei	Stock Market Index	5,574.99	5,698.14	-2.18
Manila	PSE	2,520.86	2,474.12	+1.88
Jakarta	Composite Index	427.01	424.39	+0.62
Wellington	NZSE-40	2,131.55	2,122.48	+0.43
Bombay	Sensitive Index	3,196.25	3,104.23	+2.96

Source: Reuters International Herald Tribune

Very briefly:

- Taiwan consumer prices were 4.44 percent higher in April than in April 1994, as food and vegetable costs rose.
- Daimler-Benz AG has agreed to launch a communications satellite aboard a Chinese rocket in 1997.
- China's exports of rolled steel rose 180 percent in the first quarter from the like period in 1994, while production and imports fell, the China Daily said.
- Philips International NV won 50,000 yuan (\$5,958) in compensation from two Chinese companies and a Chinese-foreign joint venture that infringed on one of its patents, the Shanghai Star newspaper reported.
- New World Development Co. and Sociedade de Turismo & Diversões de Macau, a company owned by the gambling tycoon Stanley Ho, have reached a preliminary agreement to sell about half of the floor area in the Victoria Hotel in Hong Kong for 4 billion Hong Kong dollars (\$517.2 million), a Sociedade de Turismo executive said. The buyer was not named.
- India has decided to set up an autonomous watchdog panel to evaluate private companies' bids for providing basic and cellular telephone services, the United News of India reported.
- PT Satelit Palapa Indonesia and Cellular Communications Network Sdn of Malaysia have signed a memorandum of understanding to explore operational cooperation in telecommunication services, an official said.

AFP, Knight-Ridder, Reuters

MTV Is Launched in Asia

Reuters

HONG KONG — U.S.-based Viacom Inc. and Polygram NV of the Netherlands officially launched their joint venture satellite music channel, MTV Asia, on Friday. The English-language channel was to be beamed to 30 countries.

To subscribe in Germany just call, toll free, 0130 84 85 85

1994 Results of Bankgesellschaft Berlin AG

The Capital Bank



Satisfying Development in Our First Year

Since the founding on January 1st, 1994 of Bankgesellschaft Berlin AG, simultaneously independent investment bank and joint holding company of the Berliner Bank AG, the Landesbank Berlin, and the Berliner Hypotheken- und Pfandbriefbank AG, we have focused on realizing synergy potentials to insure that favourable cost and earnings structures promote the Group's future success. Despite extensive restructuring, we attained satisfactory results in nearly all fields in which our Group is active. However, the exceptional results of 1993 were not reached.

Dividend Increase to DM 11

After appropriations to our open and hidden reserves, we will suggest to our shareholders at our Annual General

Meeting on June 16th, 1995 that the dividend be raised from DM 9 to DM 11. This increase in the foreground of the difficult 1994 banking year reflects our optimism for the Group's prospects.

Equity Supply insures Growth Capacities

At the end of 1994 the Group's equity capital amounted to DM 8.1 billion, which corresponds to a Tier I capital ratio of 9.4 % and a Tier II Capital ratio of 11.7 %. This substantial equity supply makes capital calls on our shareholders unnecessary and insures the growth capacities of our Group for several years.

Strategy Implementation

In 1995 we will continue the restructuring of our holdings and the instal-

lation of common EDP systems. Our main priorities also include the expansion of our investment banking activities and the improvement of Group risk management. Despite continuing investments in personnel and computer systems, the positive outlook for general economic development and existing Group business makes us confident that the Group can improve its market position and increase its earning power.

We will be happy to send you a 1994 annual report on request.

Bankgesellschaft Berlin AG
Investor Relations
Hardenbergstraße 52
10623 Berlin

Phone: (+49 30) 31 09-28 49
Fax: (+49 30) 31 09-39 31

Extraction from the Group's Balance Sheet and P&L Statement (in DM million)	1994	1993*	Change
Balance Sheet Total	248,154	221,055	+11.4 %
Volume of Customer Loans	145,426	127,804	+14.0 %
Customer Deposits and Securitised Liabilities	159,652	145,973	+ 9.4 %
Net Interest Income	5,581	5,194	+ 5.9 %
Net Commission Income	710	574	+23.7 %
Administrative Expense	2,521	2,549	- 1.2 %
Risk Provision	988	545	+77.8 %
Operating Profit	755	1,089	-30.9 %

* Aggregate figures of the three founding banks - Berliner Bank Group, Landesbank Berlin Group and Berliner Hypotheken- und Pfandbriefbank AG - of the Bankgesellschaft Berlin AG



BANK
GESELLSCHAFT
BERLIN

NASDAQ

Friday's 4 p.m.
The 1,000 most-traded National Market securities in
terms of dollar value, under twice a year.
The Associated Press.

12 Month	High	Low	Stock	Div	Yld	PE	Ratio	High	Low	Latest	Close
10	12	11	1000	10	10	10	10	10	10	10	10
11	13	12	1100	11	11	11	11	11	11	11	11
12	14	13	1200	12	12	12	12	12	12	12	12
13	15	14	1300	13	13	13	13	13	13	13	13
14	16	15	1400	14	14	14	14	14	14	14	14
15	17	16	1500	15	15	15	15	15	15	15	15
16	18	17	1600	16	16	16	16	16	16	16	16
17	19	18	1700	17	17	17	17	17	17	17	17
18	20	19	1800	18	18	18	18	18	18	18	18
19	21	20	1900	19	19	19	19	19	19	19	19
20	22	21	2000	20	20	20	20	20	20	20	20

21	23	22	2100	21	21	21	21	21	21	21	21
22	24	23	2200	22	22	22	22	22	22	22	22
23	25	24	2300	23	23	23	23	23	23	23	23
24	26	25	2400	24	24	24	24	24	24	24	24
25	27	26	2500	25	25	25	25	25	25	25	25
26	28	27	2600	26	26	26	26	26	26	26	26
27	29	28	2700	27	27	27	27	27	27	27	27
28	30	29	2800	28	28	28	28	28	28	28	28
29	31	30	2900	29	29	29	29	29	29	29	29
30	32	31	3000	30	30	30	30	30	30	30	30

31	33	32	3100	31	31	31	31	31	31	31	31
32	34	33	3200	32	32	32	32	32	32	32	32
33	35	34	3300	33	33	33	33	33	33	33	33
34	36	35	3400	34	34	34	34	34	34	34	34
35	37	36	3500	35	35	35	35	35	35	35	35
36	38	37	3600	36	36	36	36	36	36	36	36
37	39	38	3700	37	37	37	37	37	37	37	37
38	40	39	3800	38	38	38	38	38	38	38	38
39	41	40	3900	39	39	39	39	39	39	39	39
40	42	41	4000	40	40	40	40	40	40	40	40

41	43	42	4100	41	41	41	41	41	41	41	41
42	44	43	4200	42	42	42	42	42	42	42	42
43	45	44	4300	43	43	43	43	43	43	43	43
44	46	45	4400	44	44	44	44	44	44	44	44
45	47	46	4500	45	45	45	45	45	45	45	45
46	48	47	4600	46	46	46	46	46	46	46	46
47	49	48	4700	47	47	47	47	47	47	47	47
48	50	49	4800	48	48	48	48	48	48	48	48
49	51	50	4900	49	49	49	49	49	49	49	49
50	52	51	5000	50	50	50	50	50	50	50	50

51	53	52	5100	51	51	51	51	51	51	51	51
52	54	53	5200	52	52	52	52	52	52	52	52
53	55	54	5300	53	53	53	53	53	53	53	53
54	56	55	5400	54	54	54	54	54	54	54	54
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58	60	59	5800	58	58	58	58	58	58	58	58
59	61	60	5900	59	59	59	59	59	59	59	59
60	62	61	6000	60	60	60	60	60	60	60	60

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62	64	63	6200	62	62	62	62	62	62	62	62
63	65	64	6300	63	63	63	63	63	63	63	63
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80	82	81	8000	80	80	80	80	80	80	80	80

81	83	82	8100	81	81	81	81	81	81	81	81
82	84	83	8200	82	82	82	82	82	82	82	82
83	85	84	8300	83	83	83	83	83	83	83	83
84	86	85	8400	84	84	84	84	84	84	84	84
85	87	86	8500	85	85	85	85	85	85	85	85
86	88	87	8600	86	86	86	86	86	86	86	86
87	89	88	8700	87	87	87	87	87	87	87	87
88	90	89	8800	88	88	88	88	88	88	88	88
89	91	90	8900	89	89	89	89	89	89	89	89
90	92	91	9000	90	90	90	90	90	90	90	90

91	93	92	9100	91	91	91	91	91	91	91	91
92	94	93	9200	92	92	92	92	92	92	92	92
93	95	94	9300	93	93	93	93	93	93	93	93
94	96	95	9400	94	94	94	94	94	94	94	94
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102	104	103	10200	102	102	102	102	102	102	102	102
103	105	104	10300	103	103	103	103	103	103	103	103
104	106	105	10400	104	104	104	104	104	104	104	104
105	107	106	10500	105	105	105	105	105	105	105	105
106	108	107	10600	106	106	106	106	106	106	106	106
107	109	108	10700	107	107	107	107	107	107	107	107
108	110	109	10800	108	108	108	108	108	108	108	108
109	111	110	10900	109	109	109	109	109	109	109	109
110	112	111	11000	110	110	110	110	110	110	110	110

111	113	112	11100	111	111	111	111	111	111	111	111
112	114	113	11200	112	112	112	112	112	112	112	112
113	115	114	11300	113	113	113	113	113	113	113	113
114	116	115	11400	114	114	114	114	114	114	114	114
115	117	116	11500	115	115	115	115	115	115	115	115
116	118	117	11600	116	116	116	116	116	116	116	116
117	119	118	11700	117	117	117	117	117	117	117	117
118	120	119	11800	118	118	118	118	118	118	118	118
119	121	120	11900	119	119	119	119	119	119	119	119
120	122	121	12000	120	120	120	120	120	120	120	120

121	123	122	12100	121	121	121	121	121	121	121	121
122	124	123	12200	122	122	122	122	122	122	122	122
123	125	124	12300	123	123	123	123	123	123	123	123
124	126	125	12400	124	124	124	124	124	124	124	124
125	127	126	12500	125	125	125	125	125	125	125	125
126	128	127	12600	126	126	126	126	126	126	126	126
127	129	128	12700	127	127	127	127	127	127	127	127
128	130	129	12800	128	128	128	128	128	128	128	128
129	131	130	12900	129	129	129	129	129	129	129	129
130	132	131	13000	130	130	130	130	130	130	130	130

NYSE

Friday's 4 p.m. Close
(Continued)

12 Month	High	Low	Stock	Div	Yld	PE	Ratio	High	Low	Latest	Close
10	12	11	1000	10	10	10	10	10	10	10	10
11	13	12	1100	11	11	11	11	11	11	11	11
12	14	13	1200	12	12	12	12	12	12	12	12

FIRST COLUMN

Landowning Is Leveler Of Our Age

It is one of two genuinely timeless benchmarks of wealth. What other assets, apart from land and gold, would have marked out a person as being wealthy two, three, or four thousand years ago? Sorry, but stock options hadn't been invented then.

The development of paper money, also known as financial assets, has undoubtedly had an impact on the way we think about real estate. Property companies and their share capital offer an indirect route to benefiting from real estate, as do mutual funds — some of which are taking increasingly obscure routes to reap a dividend from the land.

So much for funds. An undoubtedly more significant change to the nature of land as an asset has been effected by credit. Thanks to bank loans and other credit facilities, a person may be in possession of property without actually owning it. In that sense, the assumption of wealth made when we see someone in possession of land may be erroneous. The true owner may be the lender.

The real impact of credit, of course, is far more insidious than that of making us look twice when conducting an unofficial audit of an acquaintance's financial well-being. The availability of home loans in developed economies means that real estate prices are far more volatile than before. The word "leveraged" signifies, to the majority of literate people, something to do with bars and balances and physics exams. But it is the ability to buy while having just a fraction of a property's price saved up that makes for the boom-and-bust cycles seen in many property markets.

Yet the increased access to property-owning is ultimately a good thing. An individual in a relatively low-paid job stands a good chance of obtaining credit to buy property. Certainly better than that of a medieval serf, or a Roman slave. Perhaps we should remember this the next time interest rates — and mortgage bills — rise.

M.B.

Betting the House, Literally, on Money Markets

By Aline Sullivan

The two words "foreign exchange" have become a kind of mild epithet in many people's vocabularies. It conjures images of banks playing fast-and-loose with the world economy, of callow youths wantonly tossing billions back and forth in quest of profits. The world of foreign exchange has inevitably been linked with the big players. This week, for example, dealing rooms were waiting for news from the Japan-U.S. auto trade talks in Vancouver and the April U.S. payroll numbers before deciding whether to drive the dollar below the 83 yen level. Big numbers, big players.

Yet foreign exchange plays are also available to the individual investor. All you have to do is put your house on it. Or take a loan out against your house denominated in a currency other than local. Thus individuals who believe they can outsmart the markets can make their play and hope to reduce their debt or interest payments.

Borrowing in another country's currency means the loan is based on that country's prevailing interest rate, which may be much lower than that where the property is purchased. It also enables an expatriate to fund his mortgage in the same currency as his paycheck.

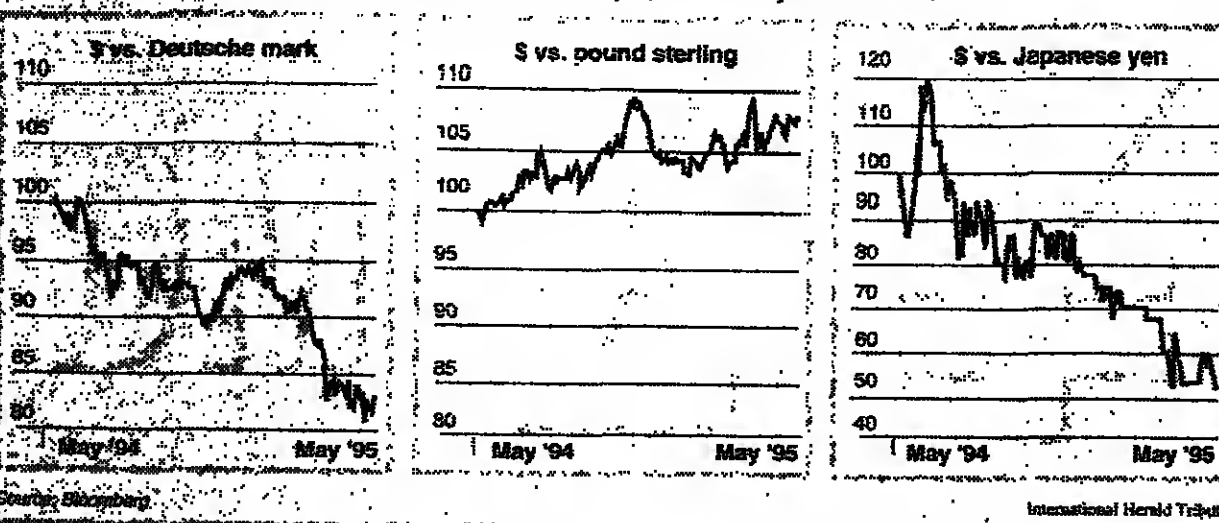
But these mortgages are still not for the faint-hearted. The risk is that the lending bank will automatically convert the loan to the local currency when a trading loss has exceeded a predetermined amount, usually 15 percent of the outstanding loan. At that point what was previously a loss only on paper becomes all too real.

Just how real was demonstrated after the collapse of the European exchange rate mechanism, or ERM, in 1992. Until then, many financial market professionals had been eager to test their skills outside office hours on their own mortgages. Some were successful, securing a low interest rate and then making substantial cuts in the outstanding loan by switching currencies at the appropriate times. But many had no such luck.

"We had to switch back a number of loans after Britain left the ERM," said Colin Freeman, lending manager at Barclays Bank's Offshore Lending Center in the Isle of Man. The value of the pound plunged about 25 percent against the dollar at that time, making dollar loans on prop-

High Stakes on the Foreign Exchange Markets

U.S. dollar value vs. currencies over one year to May 2, 1995. May 5, 1994=100.



International Real Estate

Page 19
High prices, high places in New York
London's upper crust
Hong Kong comes to Canada
European country houses

erty paid in pounds that much more expensive.

Borrowers who had taken out a \$160,000 loan worth £100,000, for example, suddenly owned £125,000 because the bank, alarmed by the collapse of sterling, had reconverted the loan.

"That put people off these mortgages for a bit," said Mr. Freeman.

After this debacle, some banks quit underwriting multicurrency mortgages. These had been run by currency advisers, or the borrower if he was judged knowledgeable enough, who would trade funds and debts in 20 or more currencies.

"Managed currency mortgages were aimed at British people who wanted to take a foreign exchange gain," Maria Chapman, senior private banking officer at Bank of Boston in London, said.

"We don't sell those any more," she added. "Most of our clients are now in-

ternational executives who are earning their money in another currency and want their mortgages to be the same."

But plenty of investors are still taking their chances. Nick Sutton of RFCL Ltd., a subsidiary of the London insurance broker Fraser Group, puts clients in touch with global banks to arrange mortgages in Japanese yen, Swiss francs and other currencies.

Mortgages divided between several currencies can also be arranged.

"The mortgages can be in corporate or individual names, on or offshore and in one or several currencies," he said. "Usually we can arrange a rate of about 1.5 percent over Libor," the London interbank offered rate. His firm charges a fee of about 1 percent of the total loan.

Most of Mr. Sutton's clients, who must have an annual income of at least £50,000, also employ a currency adviser, like the ECU Group in London, to manage their exposure. Generally, these charge about £100 a month and 15 percent of any net currency gain when the mortgage is repaid.

Borrowers dealing directly with a bank usually pay about 2.5 percent over the prevailing interest rate in the country from which they are borrowing. Loans are mostly managed on a three month forward lending contracts which enable the borrower to

switch currencies every three months without charge. There are no fees for early redemptions.

Foreign currency loans are most popular in Britain where the currency selected is usually the dollar although both currencies have been extraordinarily weak in recent months. In other countries, stringent regulations have discouraged borrowers from these types of loans. But several major banks are expanding this business to include clients buying property in France.

Banks issuing foreign currency mortgages usually require a minimum loan equivalent to £50,000 and most insist of £100,000. The mortgage represents no more than 70 percent of the property's value in most cases and sometimes as little as 60 percent. Most banks will convert the mortgage back into pounds if its currency exposure reaches 75 percent of the total value.

"Currency lending has far greater risks for the bank and the customer," explained Mr. Freeman of Barclays.

"By limiting the mortgage to 60 percent of the property's value, we make sure that we maintain a good level of equity."

In Germany, Real Estate Prices Reflect Nation's Split

Reunification Joined The EU's Richest And Poorest Regions

By Baie Netzer

Five and a half years after the fall of the Berlin Wall, the skepticism with which investors are still treating the promises of reunification is apparent in the schizophrenic German real estate market. In general, real estate investors with \$1 million to spend are still assuming that the rich (primarily those in Western Germany) will get richer while those in the East face years of struggle.

The extremes of the German schism can be seen in a recent study by Eurostat, the statistical arm of the European Union. Both the richest and the poorest regions of the European Union, as measured by per-capita gross domestic product, are located in Germany. The city-state of Hamburg tops the list, with a capita GDP at 196 percent of the EU average, while the state of Thuringia, with its GDP at 38 percent of the EU average, occupies the bottom spot, below even some of the poorest regions of Greece and Portugal.

The assumption by real estate investors, at least with regard to residential properties, is clear: The only people who live in Eastern Germany are those who have to. Young people starting careers, former residents with family ties or entrepreneurs with small, upstart businesses — these are the people that are braving the new German frontier.

Ursula Schaufuss of DB Immobilien, a subsidiary of Deutsche Bank, said that a restored 1904 Jugendstil house in Erfurt, the capital city of Thuringia, would sell for about 4,000 Deutsche marks (\$2,900) a square meter, or 280,000 DM for a house of 70 square meters.

"For \$1 million, you could buy about five of those homes," Miss Schaufuss said. "I'm not aware of a single property here that costs \$1 million."

The most expensive property cited by Miss Schaufuss was a completely renovated house for three families with a sauna. That property, costing about 500,000 DM, was significantly above the price range of most other residences.

Apartments in Erfurt sell for about 3,500 DM a square meter, while newly constructed villas might sell for a maximum of 5,000 DM a square meter, or 350,000 DM for a 70-square-meter property. Villas that command such prices, however, generally have large gardens and may be located near Steiger, the forest bordering Erfurt.

"The absolute maximum for such properties is 5,000 DM a square meter, but it must be said that the trend in prices is definitely downwards," Miss Schaufuss said.

By contrast, the real estate investor with \$1 million to spend in Hamburg will have to settle for less than the most sought-after residences. Engel & Völkers, a broker for luxury homes in Hamburg, said in a 1994 report that \$1 was an important cutoff point in local real estate prices.

"A very large demand and a relatively small supply rules the market for objects with purchase prices up to 1.5 million DM," the report noted.

Hamburg has long been the favored nesting place for insurance barons, media moguls and shipping magnates who operate out of Europe's second-largest port. And while the German Statistics Ministry recorded only a 2.2 percent economic growth rate in Hamburg last year (as compared to 11.8 percent in Thuringia), many experts still assume that Hamburg will continue to draw more people in the future than a number of growing regions in the East.

If that holds true, the properties available to real estate investors with \$1 million will only grow smaller. Even now, homes on the "right side" of the famous Elbchaussee, an avenue running along the river Elbe, cost about 3 million DM, or 10,000 a square meter for a 300-square meter villa. Such homes generally offer views of the river and a large garden, late afternoon sun shining into large living rooms and long driveways.

On the other hand, the "wrong" side of the Elbchaussee is a location like any other and primarily offers only the attraction of a good address," the Engel & Völkers report noted. Though convenient access to schools and shops in this area is limited, the prices for such houses begin at 1.5 million DM, more than \$1 million at the current rate of exchange.

Prices for smaller houses located around the city's Alster lake can run even higher, selling for about 12,000 to 15,000 DM a square meter. Though smaller, perhaps 100 square meters in size, these homes are located closer to the city center than the villas in the Elbe suburbs. They also offer immediate access to the lake which is surrounded by weeping willows and cherry trees and dotted with sailboats.

But even such luxury homes can have their disadvantages, as the Engel & Völkers report notes. In examining the streets around Alster lake, the report warned of a strong increase in one particularly unlovely area: tourist buses.

To Settle Down in an Exclusive Tax Haven, It Helps to Be Famous

Money is not everything, at least for would-be purchasers of real estate in some of Britain's offshore territories, who are often willing to pay well above local rates to call one of the islands home.

Constraints on foreign, or nonresident, ownership have created tiers in the real estate markets in the Channel Islands and Bermuda, as well as in Switzerland where the price differential is less but the purchasing process can be just as laborious.

In most of these locations, few properties are available to foreigners and those that are can — and usually do — sell at

twice the price of comparable houses on the local market.

Prospective buyers need a lot of confidence as well as substantial funds. The legal restrictions on ownership that underpin the values of the houses allocated for foreign buyers could disappear if the Channel Islands or Switzerland join the European Union, or if Bermuda declares independence.

Most of these scenarios are unlikely, however. Swiss voters rejected EU membership two years ago, and most Channel Islanders are vehemently opposed to changing their political status. They could,

in theory, be dragged into the EU but only if all member states voted to do so. Britain, many islanders insist, would be unlikely to vote yes.

Bermuda's status is more ambiguous. In July, Bermudians will go to the polls to determine their relationship with Britain. To date, opinion polls have suggested that there will be no change in the islands' colonial status. But the local property market has been stagnant for months because investors worry that a new government may tamper with Bermuda's attractions as an offshore center.

Offshore status and the exclusivity it brings is the big draw for all these locations. Otherwise, there would be little point, because foreign buyers don't get much for their money in Bermuda or the Channel Islands. The islands are beautiful, of course, but the houses are modest compared with those of comparable cost in Europe or North America.

Jersey is among the most exclusive. Each year, 20 or so millionaires compete for the five housing permits available to foreign buyers. They must be able to demonstrate capital wealth of at least £10 million and an annual income of £500,000 that will be subject to the island's 20 percent income tax.

"Wealthy newcomers must satisfy the authorities that they would be a benefit to the island," said Philip Gurdon of local real estate agent Hamptons.

"They have to apply to the Housing Committee and the Economic Adviser's office where they must bare their financial soul," he said. "Newcomers are judged on their social and economic attributes and a well-known pianist or racing driver may be allowed in with less money."

Apart from the rich and famous, other foreigners are also allowed to buy property in Jersey but only temporarily — and only if they are considered essential employees of a local company or organization. They must pay a minimum house price based on their occupation, about £200,000 for a

teacher, for example, and leave after five years.

In Guernsey, about 1,700 houses, or 10 percent of the total, are available to British residents or EU citizens. The register closed in 1983 and it is very unlikely that any more properties will join their ranks.

Richard Matthews, director of the island real estate agent Shields & Co., estimated that these houses are about 50 percent more expensive than their local market counterparts. The cheapest costs £200,000, and most sell for far more than that — up to £10 million, properties are available at any given time, he said.

Admiralty and Sark, two other Channel Islands, are also offshore tax havens but do not have housing controls. The catch is that their small size and relative inaccessibility make them impractical homes for all but the most reclusive retirees.

In Bermuda, only the very top end of the property market is available to foreigners. This group numbers about 250 houses, with prices starting at about \$1.5 million, and 480 costing at least \$400,000 each.

In addition, foreigners have to pay a license fee of 15 to 20 percent of the purchase price and, as of this year, a tax of 10 percent on any capital gains received when the property is sold.

"This is the first time there has been a capital gains charge in Bermuda," said Chris Malley, a lawyer with the local firm Appleby, Spurling & Kenne. "A lot of people were pretty treed off."

In Switzerland, foreign buyers are generally confined to resorts. The buying process is long and complicated. The prospective buyer first selects a property, usually one not yet built. He, or the current owner, must then apply to the local authorities for a permit allowing the property to be sold to a foreigner. These permits are virtually nonexistent in the cities and are sparse in most other locations.

The buyer then requires another permit.

one that vets him personally. This must be stamped by a local notary, the police, the military and the relevant office of the canton. The main concern is that the buyer doesn't already own, even in part, another property in Switzerland. There is an absolute limit of one property for each foreign buyer.

"We needed these laws because so many Arabs were buying houses and apartments in Geneva but were only living in them for one or two months a year," explained Jean-Pierre Benini of the Geneva real estate agent and developer REVAC SA. "A full time city cannot afford to have so many part time residences; it looks bad to have the shutters drawn on whole buildings for most of the year. Vacation areas are more suitable for these buyers."

But buying a holiday home in Switzerland is also difficult and, in some areas, virtually impossible.

In the ski resort of Zermatt, for example, there are no properties available for foreigners, although in Crans Montana several dozen permits are issued each year. Apart from a few apartments around Montreux on Lake Geneva, all the authorizations are issued in ski resorts. Almost all of these are for apartments, rather than chalets. It is, to say the least, rare for a foreigner to be allowed to buy land.

Prospective buyers also have to be sure of their choice. All new owners, both foreign and Swiss, are prohibited by law from selling their property within two years. The good news for the determined buyer is that his property is unlikely to cost much more than a comparable property purchased by a Swiss citizen.

Those who bought before 1985, when the current laws came into effect, were understandably irked to discover that they could only sell to a Swiss.

But there appears to have been no corresponding increase in prices for properties with authorizations.

A.S.

One Now-Wiser Couple's Costly 'Gain'

By Martin Baker

Taxation has little to do with the real world. And if you don't believe that, all you have to do is ask anyone who lives in one country and has invested in real estate located in another.

Let's take as an example the case of a married couple — one American, one French — living in London during the 1980s. For reasons related to their respective work and residency requirements neither partner owned their home — which they had bought for £40,000 (\$64,000 at today's exchange rates) — as a principal dwelling. When they came to sell the house they appeared to be looking at a healthy profit. The local market value had risen to more than £70,000.

Unfortunately, exchange rates made a mockery of their apparent gain. The dollar

value of the house (around \$80,000 when they bought in the early 1980s) had in fact fallen! They chose to sell in 1985 when the dollar almost achieved parity with the pound. Thus their £70,000 price tag translated into less than \$75,000 — a loss of more than \$5,000. To add to their distress, the U.K. tax authorities required the couple to pay tax on gain in pounds, since neither party qualified for the exemption afforded those selling their homes.

Another common problem faced by U.S. citizens on a work assignment outside the United States is the tax treatment on a sale of their home. In summary, U.S. tax law provides that a gain made on the sale of a home must be deferred and rolled over into the base cost of a new property — provided the new home is purchased and occupied within two years of the original sale.

A tax problem may arise if the foreign assignment is extended, or the money from the sale is not reinvested in a new property

within the two-year period. Instead of being rolled over into the cost of the new property, the gain becomes taxable, and must be declared to the U.S. authorities, who will assess tax liability for the year of sale.

There are two morals to be drawn for the investor looking to commit money to property across international borders. First, bear in mind that making money on property is dependent on a number of factors. A strong market in local real estate is just one; currency movements and taxation are equally important. Second, take tax advice from an experienced accountant before investing — or, you, like our French-American couple, may end up being taxed on a loss.

The Money Report is edited by
Martin Baker

April Market Scoreboard			
Best Performers		Worst Performers	
Price April 30	% change	Price April 30	% change
New York Stock Exchange			
E-Systems	93.675 +4.0	United Technologies	28.750 -9.5
National Semiconductor	23.000 +1.4	Boeing	26.750 -9.4
Engelhard Corp.	38.375 +2.5	General Electric	25.250 -9.2
Southern Airlines Co.	23.125 +2.4	United Technologies Corp.	28.750 -9.5
U.S. Steel Corp.	12.000 +1.3	Boeing Co.	26.750 -9.4
Chase Manhattan	43.750 +2.2	Boeing Co.	26.750 -9.4
Digital Equipment Corp.	10.375 +2.1	Boeing Co.	26.750 -9.4
Smith International	46.125 +2.1	Boeing Co.	26.750 -9.4
Intel Corp.	17.250 +2.1	Boeing Co.	26.750 -9.4
	102.575 +2.6		
Frankfurt Stock Exchange			
Sap Vozug	180.000 +2.7	Boeing Co.	26.750 -9.4
Aldo Di Kautheus Stamm	180.000 +2.7	Boeing Co.	26.750 -9.4
Sap Stamm	180.000 +2.7	Boeing Co.	26.750 -9.4
Mittelstandsbank	27.900 +2.2	Boeing Co.	26.750 -9.4
Aldo Di Kautheus Vozug	180.000 +2.7	Boeing Co.	26.750 -9.4
Altera	180.000 +2.7	Boeing Co.	26.750 -9.4
Ava	180.000 +2.7	Boeing Co.	26.750 -9.4
Hamburg Elektricitat	285.000 +2.6	Boeing Co.	26.750 -9.4
Sovis	180.000 +2.7	Boeing Co.	26.750 -9.4
Leifheit	710.000 +1.8	Boeing Co.	26.750 -9.4
Verein El Westfalen Inh.	448.000 +1.4	Boeing Co.	26.750 -9.4
Paris Stock Exchange			
Generale Electric	355.000 +2.2	Boeing Co.	26.750 -9.4
Crédit Foncier de France	695.000 +2.2	Boeing Co.	26.750 -9.4
Yaleuoc	248.000 +1.9	Boeing Co.	26.750 -9.4
Havas	412.000 +1.7	Boeing Co.	26.750 -9.4
Gm-Entrepose	388.000 +1.7	Boeing Co.	26.750 -9.4
Sovis	472.000 +1.6	Boeing Co.	26.750 -9.4
Cherif	188.000 +1.4	Boeing Co.	26.750 -9.4
Gm	688.000 +1.2	Boeing Co.	26.750 -9.4
Canal	425.000 +1.2	Boeing Co.	26.750 -9.4
Sigis		Boeing Co.	26.750 -9.4
London Stock Exchange			
Rollmans Int'l Units	6.105 +3.0	Boeing Co.	26.750 -9.4
Koyo Seiko Co.	607.000 +1.6	Boeing Co.	26.750 -9.4
British Aerospace	0.740 +1.3	Boeing Co.	26.750 -9.4
Ashley (Laura) Holdings	1.085 +1.3	Boeing Co.	26.750 -9.4
Amstrad	6.810 +1.3	Boeing Co.	26.750 -9.4
Southern Electric	2.340 +1.2	Boeing Co.	26.750 -9.4
Goodson Group	6.380 +1.1	Boeing Co.	26.750 -9.4
Eastern Group	6.760 +1.1	Boeing Co.	26.750 -9.4
Yorkshire Electricity	0.815 +1.0	Boeing Co.	26.750 -9.4
Asda Group		Boeing Co.	26.750 -9.4
Tokyo Stock Exchange			
Aoyama Trading Co.	1830.000 +2.4	Boeing Co.	26.750 -9.4
Koyo Seiko Co.	607.000 +1.6	Boeing Co.	26.750 -9.4
Mitsubishi Paper Mills	1650.000 +1.7	Boeing Co.	26.750 -9.4
Tonen Corp.	738.000 +1.6	Boeing Co.	26.750 -9.4
Nippon Chemical Ind'l	338.000 +1.5	Boeing Co.	26.750 -9.4
Daiichi Kogyo Kogyo K.K.	738.000 +1.5	Boeing Co.	26.750 -9.4
Shinagawa Refractories	394.000 +1.4	Boeing Co.	26.750 -9.4
Tokai Denryo Co.	351.000 +1.4	Boeing Co.	26.750 -9.4
Nippon Denryo Co.	1360.000 +1.4	Boeing Co.	26.750 -9.4
Tsumura & Co.		Boeing Co.	26.750 -9.4

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d SBC NMF - 360	511.14	FF	118.07
d SBC NMF - SF	758.52		
d SBC NMF - US Dollar	2191.17		

AS - Australian Dollars; AU - Austrian Schillings; BF - Belgian Francs; CS - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; £ - Pounds Sterling; F - French Francs; FF - Swiss Francs; G - German Marks; H - Hong Kong Dollars; I - Italian Lira; J - Japanese Yen; K - South Korean Won; L - Luxembourg Francs; M - Mexican Pesos; N - New Zealand Dollars; O - New Orleans Dollars; P - Philippine Pesos; R - Rand; S - Singapore Dollars; SF - Swiss Francs; Sfr - Swiss Francs; T - Taiwan Dollars; U - U.S. Dollars; V - Vietnamese Dong; Y - Yugoslav Dinars; Z - Zairean Zaire.

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THE MONEY REPORT

New York Offers Lofty, but Somewhat Expensive, View of the Chic and the Bleak

By Judith Rehak

To experience the diversity of New York City's loft life, you need only visit the downtown SoHo district any evening. Harley Davidson motorcycles share space with limousines outside trendy restaurants; inside is the "see and be seen" crowd—designers, photographers and models, clad in the requisite black. Elsewhere, Japanese and Italian shoppers crowd stylish boutiques and art galleries that remain open well into the evening.

Only minutes away, nestled between SoHo and the city's financial district, a drastically different loft lifestyle prevails. The TriBeCa neighborhood is quiet, small-town, and family-oriented. Its residents are likely to be pushing baby strollers, and its chief attractions are not galleries, but an excellent public school (in a city where tuition at a private school can easily run \$10,000 a year), and the Hudson River Park, at the edge of the water.

Loft living in New York City has evolved since the mid-1970s, when artists began renting open floors in commercial buildings, first as studios, then as a com-

bination residence and studio. The buildings' original tenants, like butter and egg warehouses, clothing manufacturers and printing shops, had gone out of business or left the city.

Today, however, "unless an artist is established, a loft is prohibitively expensive," said Susan Sears of Bascom & Sears, a downtown real estate broker. Lofts

'Apartments can only be decorated, but lofts are open and can be changed.'

have become the residences of choice for photographers, fashion designers, people in the entertainment industry, and Wall Street bankers who like to walk to work. In TriBeCa, loft owners are "families whose common sense tells them they should leave the city, but they can't bear to," said Barrie Mandel, who handles loft sales in the neighborhood for the Corcoran real estate group.

But there are common threads among this wildly diverse group, according to real

estate agents. "The profile of someone moving downtown is someone who sees himself as moving into a loft and making it their own vision," explained Jan Hashey, a loft specialist for the real estate firm of Ambrose-Mar Elia.

"They're people who want open spaces and are attracted by the flexibility of the space," Ms. Mandel added. "Apartments can only be decorated, but lofts are open and can be changed."

Like all of New York City's residential real estate, the loft market was hit by a steep downturn in prices during the late '80s, and is only now beginning to recover.

Currently, the price of a typical loft in SoHo with an area 80 feet deep by 20 feet wide, or 1,600 square feet (145 square meters), ranges from \$450,000 to \$800,000, said Ms. Hashey. A loft at the high end of that price range would have a passenger elevator instead of a freight elevator, be located on the top floor of a building, or close to it, and have good light or views.

Architectural features such as columns and brick walls are also sought after, but otherwise loft owners like their space to be fairly pristine, Ms. Hashey said. "Lofts that have been overdesigned with marble

bathrooms, window treatments and mezzanines don't work," she observed. "People don't want to pay for ripping out someone else's fantasy."

Size is another major influence on price. "It's hard to find 2,200 square feet and

'In the heart of SoHo, prices are totally abstract because there are people who want only to be there, and will pay whatever it takes.'

above," Ms. Mandel said, "so they command a premium."

As always in real estate, location counts. A buyer who will settle for a loft at the edge of SoHo can find one for \$450,000, said Ms. Hashey. "But in the heart of SoHo, prices are totally abstract because there are people who want only to be there, and will pay whatever it takes."

Average New York Loft Price	1200-1500 square feet	1501-2000 square feet	2001-2500 square feet	2501 + square feet				
In thousands of dollars	1994	1993	1994	1993	1994	1993	1994	1993
SOHO/NOHO	320	330	405	495	510	710	765	
% change	-3.0		0		-2.9		-7.1	
VILLAGE	285	280	410	405	500	490	750	700
% change	-1.7		+1.2		+2.0		-7.1	
GRAMERCY/FLATIRON	370	345	395	410	575	520	750	715
% change	+7.2		-3.8		+10.6		+4.8	
CHELSEA/WEST 20'S	265	235	350	350	405	370	675	720
% change	+12.7		0		+4.4		-6.2	
TRIBECA	276	276	380	340	505	480	1,090	1,066
% change	+1.8		+11.7		+5.2		+3.3	
General appreciation	+4.1		+1.9		+4.2		+0.2	

Source: The Corcoran Group

She noted that a top floor loft in the center of the district is currently on the market for \$1.3 million.

Although SoHo and TriBeCa remain the most well-known loft neighborhoods, pioneering spirits who won't compromise on space and have less to spend are heading up to Manhattan's West 30s along Ninth and Tenth Avenues.

Corner units of 1,800 square feet on a high floor are selling for \$190,000 to \$230,000, Ms. Sears said. "I recently sold a loft to a creative director for an ad

agency and an art gallery owner. They got great space, completely renovated, for well under \$300,000."

Not surprisingly, these real estate agents think that right now is a good time to buy. "There's been a steady increase in prices, but not a wild increase," Ms. Sears said.

"Interest rates are low, and people feel more comfortable about committing to the city," she said, adding, "The only problem is, there's not enough supply."

London Property Analysts Are Cautious on Outlook

By Iain Jenkins

More than ever opinion is split over the prospects for residential property in central London. In the past year, real estate prices for four-bedroom houses or apartments in Kensington, Chelsea and Mayfair have risen by 15 percent. But today prices are flat, with few good properties coming onto the market.

Investors and home owners are still traumatized by the severity of the real estate slump of the '90s when prices plunged 15 to 25 percent. No area was spared. Even exclusive Cadogan Square and Park Lane suffered. Many now wonder if the market will ever regain its luster.

Recent surveys by the Halifax Building Society, the biggest lender in the British residential market, showed that prices fell 1 percent around the country in 1994. This has helped fuel the lack of confidence. Prospects of a further rise in interest rates have also hurt.

But Peter Rollings, manager of the Foxtons estate agency in Kensington, shrugs off the pessimism.

"What is going on in the rest of the country has nothing to do with central London," he said. "Our area is part of the international property market and while I wouldn't say it was booming, prices are going up and properties are shifting," he says.

Mr. Rollings points out that by international standards, London prices are modest. A German client recently told him that he couldn't believe how "cheap" London was, helped by the fall of the pound against the Deutsche mark and other currencies.

Compared with other capital cities, investors seem to get more for their buck—quid, rather—than in London. An elegant four bedroom maisonette is being sold by Foxtons for around \$1 million in Onslow Gardens, which is a short stroll from Harrods. A five-story house in the heart of Belgravia is on the market for a similar price.

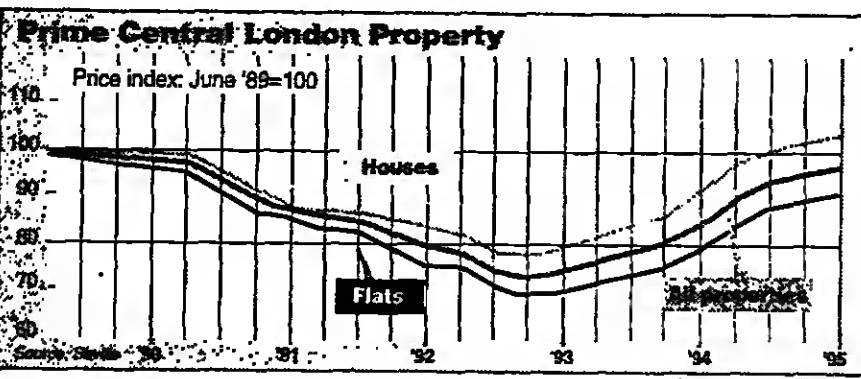
Nevertheless, Willy Gething, partner of Property Vision, which finds properties for overseas buyers in Britain, is cautious. "The market has slowed sharply and the prospects aren't too good. Historically, only real interest rates and economic growth have driven house prices. At the moment London scores badly on both," he says.

Mr. Gething adds that most of his Asian clients prefer to wait and see. Many think the pound will drop further which will give them a better buying opportunity. Furthermore, they fear that real interest rates are heading for 6-7 percent, which will further strangle the housing recovery.

Many Asian investors have been disappointed by the rental yields they can get from London residential property. Estate agents had promised buyers gross yields of 10 percent, but once management fees, charges and the cost of furnishing a house are added on the net yield tumbles to around 6 percent in "prime" London.

Six months ago, Asian companies or rich families were buying development property in central London and selling them at "exhibitions" in Singapore, Malaysia and Hong Kong. Since then there has been a marked slowing in the amount of Asian interest.

Humbert Pang, residential investment consultant, at a new Healey & Baker/Martin Land venture, said: "Six months ago an investor could sell a whole development of



13 central London flats in one weekend exhibition. Today, the market is tired and they will be lucky to sell six or seven."

In addition there is a shortage of properties on the market. And those properties that are up for sale are often overpriced. As a result investors are being encouraged by agents to critically examine a house before they buy. Some buyers agents are even recommending them to wait until better quality property comes onto the market.

The shortage of properties on the market is illustrated by the estate agent John D. Wood, which two years ago had 4,500 properties on its books. Today, the firm has only 2,216 properties for sale through its 16 branches.

"We are running at half speed," said Peter Young, director of John D. Wood's Kensington office. "People are still very nervous."

However, he added: "After a good growth of around 10 percent in prices in the first half of 1994, the market just dried up after August. It was very quiet until Easter this year. Since then, we have been going flat out. It was as if someone flicked a switch."

Although there are some recent signs of life in the market, buyers are still being selective. They fear overpaying for a property they like because they are not convinced that prices will catch up. It suggests

that they have little confidence that the potential for growth is there.

Nick Thomlinson, head of residential property at the estate agents Frank Knight & Rutley, said: "The market is very sluggish. In the short term with rising interest rates the position isn't that optimistic. But in the longer term, if you believe that London will remain a major world financial center then the future of London retail property is bright."

Anyone thinking of buying for the future should take into consideration national preferences. Americans like living in St. Johns Wood near an American school, for example, where four bedroom houses with a garage are selling for about \$1 million. The Japanese like Finchley, north London, near the Yaohan Plaza superstore.

The old adage that there are three rules to property investment—"location, location and location"—is as relevant today as ever. The entire London market has traditionally been driven by the motor of central London by overseas investors.

As Mr. Pang, at Healey & Baker, said: "Face is very important for the Asian investor. They want to say that they have a house in Knightsbridge or somewhere that everyone has heard of. They don't want to say they have a house in Norwood!"

Asians Seeking Property Bring Boom to Vancouver

By Ann Brocklehurst

For the many Hong Kong investors with residential property in Vancouver and Toronto, the old saying about real estate being "location, location and location" has proved more than true. Over the past five years, buyers who chose Toronto, Canada's largest city and financial capital, have mostly lost money while those who picked Vancouver have shared in the West Coast city's boom.

Vancouver's appeal to Hong Kong citizens looking for a safe place to retreat after 1997 is not hard to understand. The city is beautiful, sandwiched between Pacific beaches and snow-capped mountains. Canadian citizenship is relatively easy to come by, and most would-be immigrants have relatives, friends and business partners who are already established in Canada.

Vancouver also escaped the recession that hurt so much of North America in the early '90s. In 1992, 16 percent of the city's households reported an income of more than \$90,000 Canadian dollars (\$66,000). Traditional industries in British Columbia are lumber and minerals, but Vancouver's proximity to California's Silicon Valley and to Microsoft Corp. in Seattle have helped nourish a growing high-tech industry.

Urban planners predict that population of the Greater Vancouver area will nearly double to 3 million by 2010.

The city's expansion helped push the price of the average house to about 303,500 Canadian dollars in 1994 from 114,000 dollars in 1984 and created a climate in which people thought they couldn't lose by buying real estate. Even now, despite slowing economic growth and a drop in residential sales, the average house price is still climbing, buoyed largely by foreign investors buying at the upper end.

According to Ozzie Jurcek, publisher of a real estate investment newsletter in Vancouver, 72 homes valued at more than 1 million dollars changed hands in the first two months of this year, up sharply from 31 a year earlier.

"The local market is tired and tapped out in terms of affordability," he said, "but the Asian market is still strong."

Vancouver Magazine, which compiles an annual list of the city's 25 most expensive homes using tax assessment figures, found that 14 of the properties had owners of Asian origin including those in the No. 1, 2 and 3 spots. Most were from Hong Kong. Mr. Jurcek said, as "Taiwanese, Korean and Indonesian investors are just discovering Vancouver."

He noted that 10,000 families from Taiwan immigrated to British Columbia in

1994, up from 200 families five years ago. Although it is the wealthiest foreigners who make headlines—such as Li Ka-shing, the Hong Kong property mogul who bought Vancouver's 1986 Expo site—the majority of Hong Kong investors are middle class. Mr. Jurcek said that most spend 600,000 to 3 million dollars for a home because "they believe in real estate; it's part of their culture."

Some Hong Kong buyers have, however, been unpleasantly surprised by the cultural differences between the free-wheeling British colony and Vancouver, where stricter zoning laws and higher taxes make life more complicated. Others have learned the hard way that condominiums in high-rise buildings, the most popular kind of residential property in Hong Kong, do not appreciate in Canada at the same rate as single-family homes.

Developers of small-suite condominiums built for investment purposes are slashing 25,000 to 35,000 dollars from the prices of units originally for sale at 15,000 dollars in hopes of attracting buyers.

"It's not just 'build it and I'll buy it over the fax machine' anymore," said Bob Rennie of Ulinder Rennie Project Marketing, which specializes in condominiums.

After a five-year slump on the Toronto real estate market, prices for everything from homes to office buildings may finally be set to rise. "Hong Kong investors are very global in thinking," said Robin White, vice-president of the real estate brokerage Avison & Associates Inc. "They look at Toronto in relation to the rest of the world. And we're one of the best priced markets in the world right now."

Mr. White sees a third wave of Hong Kong investors starting to buy in preparation for July 1, 1997, when the British colony reverts to China. They hope for the same success as the first wave of Hong Kong citizens who acquired Canadian property and passports for themselves after 1984 when Britain formally agreed to return the colony. Those buyers benefited from the financial spirit of the '80s as the average price for residential property in Toronto soared 175 percent to 292,000 dollars in 1989 from 106,000 in 1984.

Unfortunately for the second wave, their timing could not have been worse. Shaken by the massacre in Tiananmen Square, they jumped in at the top of the market and experienced a drop in value. Average residential prices dropped to the current level of 213,000 dollars, while office buildings, a popular investment for Hong Kong families, fell to current prices of 60 dollars a square foot from 400 dollars at their peak.

In the World of Country Houses, Remote Is Cheaper

By Rupert Bruce

That location is everything is a hackneyed phrase in the real estate business. Hackneyed, but true—especially of the market in European country houses.

If you are looking for a country house along one of Europe's more fashionable Mediterranean coasts, expect to pay at least five times as much as you would for a comparable property in a remote part of the Continent.

In the Quinta del Alisal, for example, a stunning six-bedroom house with a three-bedroom staff house, perched on six hectares overlooking the Costa del Sol, 15 kilometers from Marbella, will cost you \$6 million. Meanwhile Earls Hall Castle, near the town of St. Andrews in the Scottish county of Fife, a 6-bedroom house with a staff flat and three smaller houses on its 14 hectares, is on the market for \$1 million.

The basic economics of supply and demand dictate this contrast. Wealthy families from northern European countries, like Germany and Britain, and to a lesser extent the United States, want to holiday in warm and beautiful spots in southern Eu-

rope. They need their holiday homes to be close to airports, and feel comfortable in regions where there are facilities for tourists. So buyers compete, prices rise.

Naomi Greatbanks of Hamptons International put it simply: "The more desirable an area, the more you have to pay for it."

While there has long been a price differential between fashionable and unfashionable areas, during the 1980s prices in the most fashionable regions rose particularly steeply. In addition, areas like Provence in France began to become fashionable, so prices there rose even more rapidly.

In the recession of the early 1990s, however, prices took a dive, and it is only recently that they have started to stabilize. This is being helped in Italy and Spain by the slump in local currency values.

Giorgio Viganò, of the Milan real estate agent of that name, says he has frequent inquiries from German and French nationals who hold their wealth in the relatively strong Deutsche marks and French francs.

The fashionable and most expensive areas are concentrated in pockets of Tuscany, the South of France, southern Spain and the Balearic Islands.

In Tuscany, the Chianti Valley is the

most exclusive area and fetches the highest prices. The most historic house Mr. Viganò has on his books is the Villa Puccini, the Tuscan country house built for the composer, who wrote the opera "Tosca" there. With its three additional outbuildings, the price tag is \$2.1 million.

In France, houses in Provence are beginning to sell well once more. Hamptons International has just sold the Domaine des Sarrins, a five-bedroom 18th century bastide, or manor house, for 4.75 million French francs (\$970,000) against an asking price of 4.95 million francs. The estate has two of its own vine labels: Domaine des Sarrins, and Vin de Pays d'Argens.

Also in Provence, Hamptons has a 16th century bergerie, or farmhouse, for sale at 10.5 million francs. Lafoux overlooks the Luberon Valley and has five bedrooms in the main house, and a guest house. It also produces wine under the Lafoux label.

In Spain, the Balearic island of Majorca is one of the regions that suddenly rose in price in the 1980s. Most of the country dwellings there are old farmhouses. One, a large seven bedroom stone building in the foothills of the mountains behind Palma, is on the market for \$3.4 million.

But even in Germany, not a country

renowned for its exclusive resorts, country houses in Baltic summer vacation spots fetch high prices.

Even a relatively small distance can mean a great difference in price.

In Italy, Mr. Viganò sells Tuscan houses a short distance from the Chianti Valley, which makes them considerably cheaper. David King of Hamptons said country houses in the Dordogne, in southwest France, often sell for about \$500,000.

"Dordogne," he said, "was an area of chateaux, whereas Provence was a very poor area."

Some of what were Europe's poorest areas are now becoming its most expensive.

BRIEF CASE

New Fund Offers 'Bricks and Mortar'

The major alternative to direct investment in real estate is to go through the medium of a mutual fund. Most funds, such as the Real Estate Investment Trusts, or REITs, listed alongside this article, invest in property directly. Now a new fund, the Belinvest Realty Fund, has been launched with the intention of offering investors "the opportunity to get into bricks and mortar indirectly with lots of liquidity," according to Dermot Butler, a fund director.

The Belinvest Realty Fund may invest in quoted property funds such as REITs, and "other securities issued by property and real estate companies on recognized stock exchanges throughout the world."

"We shall use property experts to decide whether invest-

ing in real estate on a 'macro' basis is a good thing in principle," said Mr. Butler.

The fund is open-ended, and is domiciled in the British Virgin Islands. Its shares will be traded on the Dublin Stock Exchange. Minimum investment is \$100,000, and initial charges run at 3 percent with an annual fee of just under 2 percent.

For more information, write Custom House Asset Management, 31 Kildare Street, Dublin 2, Ireland; or call Dublin (353) 1 661 3400, or fax Dublin (353) 1 661 3601.

Optima Opens 'Alternative' Fund

Optima Management Partners, a specialist in the area of

"multimanager" funds, has opened one of its vehicles to investment by "qualified non-U.S. investors." Optima Alternative Strategies Fund has attracted some \$25 million privately, and has opened its lists to those attracted by the investment objective of protecting "financial assets in the face of volatile conditions."

The managers hope to achieve returns "2 to 3 percent above U.S. T-bill rates with very low potential draw-downs."

Minimum investment is \$250,000. Charges run at 1 percent a year. Investors should take advice as to initial and other charges.

For more information write Optima Management Partners L.P., 73 Front Street, Hamilton, BVI 12, Bermuda; or call Bermuda (1 809) 295 8658, or fax (1 809) 292 6274.

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International Property Investment Funds

Real Estate Investment Trusts Total percent return (to Dec. 31, 1994)

	One year	Five years
Brandywine Realty	177.99	30.54
Angles MTG Inv Tr	140.91	-5.53
Vnland	60.00	18.28
MIP Properties	55.04	-20.11
Inv MTG Sec Group	48.78	22.58
Nooney Realty TR	39.74	1.02
Presidential Rity	38.32	12.27
Presidential Rity	37.22	18.28
Duke Rity Invesl	36.35	5.28
Inc Opp Realty Tr	32.79	0.09
Realty Refund Tr	31.08	-18.58
Banyan SH Term Inc	30.39	12.09
Mellon Part MTG Tr	29.30	0.84
Prudential Rity	22.45	-32.75
Banyan Hotel Inv	22.42	6.49
RPS Realty Trust	21.74	21.03
Conti MTG & EU Tr	20.26	3.27
HMG/Courtland Prop	20.00	7.63
Metropolitan Rity	19.11	-0.11
Bedford Property	18.50	0.89
Health Care Prop	17.21	44.37
ASR Investment Corp	16.13	-0.47
Merry Land	16.00	4.69
Call Jockey Clud	14.91	
Assets Investors		

U.S. Real Estate Mutual Funds

Total percent return (to April 27, 1995)

	One year	Five years
Franklin Real Estate	-0.08	N/A
Retire Plan Re Secs A	-1.50	N/A
Columbia Real Estate Eq	-1.69	N/A
Cohen & Steers Realty	-2.70	N/A
Fidelity Real Estate	-5.20	72.95
Crabble Huson Real Estate	-5.23	N/A
DFA Grp Dfa/Aw Re Secs	-5.93	N/A
PRA Real Estate	-7.45	34.53
Templeton Real Estate	-7.85	N/A
Pioneer Wthpr Real Est	-8.81	N/A
US Real Estate	-9.39	24.09</

SPORTS

Yanks' O'Neill Thumps Umps

The Associated Press
A show of hands from those glad the real umpires were back would not have included Paul O'Neill's.

In the umpires' first two games since returning from being locked out by owners, O'Neill felt he was the recipient of three bad calls, the last of

AL ROUNDUP

which would have cost him a home run Thursday night in the New York Yankees' 5-3 victory over the Boston Red Sox.

"If they hadn't called that a home run, I don't know what I would've done," he said.

O'Neill, who felt he was robbed of a stolen base Wednesday night and was angered earlier Thursday when he was called out on strikes, led off the bottom of the eighth against Derek Lilliquist. His line drive cleared the fence in right-center field, hit the wall behind it and bounced back on the field.

But his home run trot ended when the umpires signaled that the ball was in play.

Manager Buck Showalter rushed out to argue and the four umpires, after a brief consultation, ruled it a home run and O'Neill got his second homer of the season to make it 3-3.

Don Mattingly hit his first home run one out later and Tony Fernandez drove in the fifth run with a two-out single.

"Paul said I probably saved his life," Showalter said. "He thought that he'd be in jail."

Mo Vaughn had given Boston a lead in the first with a two-run homer, his third. The Yankees evened it on an RBI double by Danny Tartabull in the first and a run-scoring single by Mattingly in the third.

Tim Lincecum made it 3-2 in the fourth with his first homer of the year and that was the last of the eighth — and O'Neill's latest escape with the ump.

Oakes 5, Brewers 2: Harold Baines drove in two runs as Baltimore rallied behind nine walks before 30,019, the second-smallest crowd in the four-

year history of Camden Yards. The Orioles were trailing by 2-1 in the seventh when Jose Mercedes walked the first three batters and Baines hit a sacrifice fly. Chris Hoiles followed with a run-scoring fielder's choice. Brady Anderson, who had three hits, doubled in a run in the eighth and Rafael Palmeiro added an RBI single.

Kevin Seitzer drove in both runs for the Brewers, who were trying for their first three-game sweep at Baltimore since 1987.

Royals 6, Twins 0: Kevin Appier pitched seven scoreless innings to lower his ERA from 0.71 to 0.46 and struck out 12, while Greg Gagne and Phil Hatt hit two-run homers for visiting Kansas City.

Gagne hit his first homer of the year and the first of his career against the team he spent his first 10 major-league seasons with to make it 4-0 in the fourth. Hatt's second of the year made it 6-0 in the seventh.

Tigers 4, Indians 3: David Wells retired 14 consecutive batters starting in the second as visiting Cleveland was held to fewer than 10 hits for the first time this season, while Orel Hershiser allowed a solo home to Kirk Gibson in the second and a two-run homer to Bobby Higginson in the third.

Manny Ramirez homered for the Indians in the eighth, his third solo homer in three days, and his fourth of the season. Kenny Lofton and Omar Vizquel had RBI doubles in the eighth to make it 4-3, but Mike Henneman struck out Eddie Murray with the bases loaded to end the inning.

Angels 6, Mariners 0: Home runs by Geronimo Berros and Terry Steinbach helped visiting Oakland win after a brief brawl.

The fights took place in the bottom of the ninth, when Jim Corsi hit Tim Salmon, who homered his previous time up. Oakland's Mark McGwire had been hit twice — in the fourth and seventh. Several skirmishes broke out, with Steinbach, who had a small cut on his left ear, apparently the only injury. He remained in the game and there were no ejections.



Shortstop Omar Vizquel was as much trouble with the ball as his Indians did with the Tigers' pitcher, David Wells.

NHL: No Loss at Box Office

The Associated Press
The lockout that cut the National Hockey League season from 84 games to 48 didn't do much damage at the box office. The Chicago Blackhawks became the first team in NHL history to average more than 20,000 fans per home game, as they averaged 20,810 for their 24 games in the new United Center, up from an average of 17,788 last season at Chicago Stadium. The gain of 3,022 per game was also a league high. St. Louis, which also moved into a new building, posted the second-largest gain, 2,181 per game to 19,742.

Nineteen of the 26 teams played to more than 90 percent of capacity, eight played every game before a full house, and fan interest continued strong in new markets.

But seven of the eight Canadian-based teams saw attendance fall, ranging from 20 per game in Montreal, which still played to more than 100 percent capacity, to a league-high 1,383 a game in Vancouver.

Ottawa, playing in the NHL's smallest facility, averaged a league-low 9,879 at the 10,575-seat Civic Center, Quebec, which won the Eastern Conference title, had its attendance drop from 14,651 per game to 14,394.

Marlins and Reds Lose Out to Rain and Timing

The Associated Press
Had the rain begun five minutes earlier in Miami, the Marlins would have won their second game of the season.

Had the rain lasted much longer in Cincinnati, the Reds might not have lost their seventh.

The downpour in Florida struck in the top of the ninth inning, but just before the skies opened the Atlanta Braves scored three times to tie it 3-3. After a delay of 1 hour, 17 minutes, the umpires suspended the game. It will be resumed Sept. 7 — the next time the teams meet at Joe Robbie Stadium.

Mark Lemke tied the score

with a triple. Had the rain delay begun before he batted, Florida would have been ahead, 3-2, and the umpires would have called off the rest of the game.

"It was fortunate timing," Lemke said. "Another five min-

utes, and maybe we don't get out of here with a tie."

Phil Phillips 6, Reds 4: The rain delay in Cincinnati lasted 2 hours and 17 minutes, then the Reds took a 4-0 lead just a few minutes later in first inning, only to have Philadelphia score the rest of the runs to drop the Reds' record to 1-7.

Ron Gant hit a three-run homer, his second in as many nights after receiving two cortisone shots in his ailing right knee. But the Phillies got one run in the second, two in the seventh, two in the eighth and one in the ninth. Charlie Hayes drove in the go-ahead run with a bases-loaded sacrifice fly in the eighth.

Mets 5, Expos 1: Butch Henry took a no-hitter into the seventh, when Bobby Bonilla led off with a triple, visiting New York tied, then loaded the bases in the top of the 10th.

That brought up Todd Hundley, and the switch-hitting catcher hit a grand slam to left field, his second of the year.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE	W	L	Pct.	GB
New York	5	3	.625	0
Toronto	5	3	.625	0
Boston	4	4	.500	1
Baltimore	3	5	.375	2
Detroit	3	5	.375	2

CENTRAL DIVISION	W	L	Pct.	GB
Minnesota	4	4	.500	0
Cleveland	4	4	.500	0
Kansas City	4	4	.500	0
St. Louis	3	5	.375	1
Chicago	1	7	.125	4 1/2

WEST DIVISION	W	L	Pct.	GB
Seattle	4	4	.500	0
California	4	4	.500	0
Oakland	3	5	.375	1
Texas	2	6	.250	2 1/2

NATIONAL LEAGUE	W	L	Pct.	GB
Atlanta	4	4	.500	0
Montreal	4	4	.500	0
Philadelphia	4	4	.500	0
New York	3	5	.375	1
Florida	1	7	.125	4 1/2

CENTRAL DIVISION	W	L	Pct.	GB
Houston	3	5	.375	0
St. Louis	4	4	.500	0
St. Louis	4	4	.500	0
Pittsburgh	3	5	.375	1
Cincinnati	1	7	.125	4 1/2

WEST DIVISION	W	L	Pct.	GB
Colorado	4	4	.500	0
San Francisco	4	4	.500	0
Los Angeles	4	4	.500	0
San Diego	4	4	.500	0

Thursday's Line Scores

AMERICAN LEAGUE	W	L	Pct.	GB
Minnesota	5	3	.625	0
Baltimore	4	4	.500	1
Seattle	4	4	.500	1
California	4	4	.500	1
Oakland	3	5	.375	2
Texas	2	6	.250	2 1/2

CENTRAL DIVISION	W	L	Pct.	GB
Minnesota	4	4	.500	0
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An English Oddity Can Win the Derby

Jumron: 10-1, With Kick

By Joseph Durso
New York Times Service

LOUISVILLE, Kentucky — His trainer, who spent six years as a pharmacist at Fourth and Wilshire in Santa Monica, California, has never raced a horse outside California.

His owner, who used to run an electronics company, noticed that the horse had raced four times in 22 days last October at Portland Meadows in Oregon and Hastings Park in Washington, winning three times and running second once, and promptly wrote a check for \$150,000 to buy him. "I didn't even look at his pedigree," he said. The owner has never seen a Kentucky Derby.

His jockey, the leading rider in Brazil 21 years ago when he was 18 years old, came to the United States for a week in 1976 and finished last in the Washington D.C. International.

And the horse, Jumron, was bred in England of undistinguished ancestry, was sired by a sprinter, raced in the minor leagues in Oregon and Washington, was sold three times before he reached his third birthday and once was returned because of a crooked foot. He is named for a mountain in Saudi Arabia.

But, somehow, all have made it to Churchill Downs, where Jumron will be waiting in the weeds Saturday, ready with the mighty finishing kick that nearly won the Santa Anita Derby five weeks ago.

He was a 15-1 long shot going into that race, but was nosed out by Larry the Legend and Afternoon Decides after a mile and an eighth. At the close, he was sprinting and probably would have won at a mile and a quarter, the distance he will be running in the 121st Kentucky Derby.

Win or lose, the bay colt is one of the strongest competitors in Derby history. Six months ago, he was racing every Saturday in Oregon. Now, he is 10-1 to win here this Saturday.

"This is a real good horse," reported the trainer, Gary Lewis. "He's happy, he likes the weather, the people, everything. All we need now is some luck."

Like a fast pace set by Talkin Man, Sereno's Song or Wild Syn. If one of them does, then watch out for the closers like Timber Country, Tejanos Run — or Jumron.

"My Uncle Wally trained four Derby horses when I was a kid," said the owner, Charlie Dunn. "The closest he came to winning was fifth with Correspondent in 1953. But racing has always been my passion."

"One day at Portland Meadows, I saw this 2-year-old colt closing like the wind. The other horses got there 3 seconds later. I drove over two weeks later and said to the trainer, a man named Aziz al-Saud, 'Is that horse for sale?' He said yes, so I wrote him a check. Inside three hours, he was in my shed row."

"My uncle called and said, 'This horse is going to take you to the Derby.' I said, 'Yeah, the Oregon Derby.'"

But two months later, they shipped him to Bay Meadows near San Francisco, and Jumron closed with a rush to finish within a head of Valid Wager. Then he won the El Camino Real and the Golden State Derby, missed winning the Santa Anita Derby by half a length — and Uncle Wally's prophecy came true.

It's Cup Time: Well-Heeled New Zealanders vs. Wily Conner

By Angus Phillips
Washington Post Service

SAN DIEGO — More than 100,000 pairs of red socks have been sold in New Zealand in recent days as the island nation rallies behind its fourth straight serious challenge for the America's Cup.

Never has it been so close. Team New Zealand's only loss in 38 races this year came last month when the syndicate chief, Peter Blake, who grinds a winch on board and always wears red socks, took his only day off. He returned the next day, the winning resumed and now lucky red socks cover toes from Auckland to Christchurch, with half the \$10 price per pair going to Blake's blokes.

But it will take more than footwear and dollars to beat back Dennis Conner, the most experienced of Cup sailors, and his new boat, Young America, when the 29th Cup match opens Saturday.

The sailing world is speculating on how the historic best-of-nine matchup will go. Can Team New Zealand, after dominating challenger trials since

January, sustain the march in Black Magic? Or will Conner, who struggled with a slow boat but won the defender trials anyway, win again now that he's adopted the fastest defense entry, Young America?

"A lot depends on the will to win, doesn't it?" someone asked Black Magic's skipper, the perennial world match-racing champion Russell Coutts.

"I'm afraid I'd have to disagree," said the taciturn Coutts. "It's preparation that really counts. If you line up on race day and the boats are even in speed, then will to win might matter. But if one boat is faster, it's preparation that made the difference." And the New Zealanders believe they are better prepared.

No two sailing programs could be less alike than the ones that will battle for yachting's grand prize. Team New Zealand is banking that its exhaustive, six-month program of two-boat testing will give it the edge. It arrived here with two nearly identical black boats in November and used them day after day to chip away at the mysteries of sail shape, keel and rudder shape, sail trim, boathandling, boat preparation and crew work.

Meantime, Conner and crew struggled with one boat, guessing at what worked and didn't. They won just over half their races in the sluggish Stars & Stripes, but in the final round last month won six of eight on the strength of spectacularly skillful sailing.

Immediately, Conner worked a deal to sail Young America, the boat with the best overall record in defender trials and the one shaped most like Team New Zealand's slim, speedy racer. Now, can Conner master in a week what his opponents spent six months learning?

The New Zealanders are doubtful, but cautious. "We assume their boat will be very, very fast," said Coutts. "All the U.S. technology," from Stars & Stripes, Young America and the third-place women's boat, Mighty Mary, "has gone over to them."

"They can call on the superbrains of America," said tactician Brad Butterworth. "They've got 30 designers to consult plus Boeing, SAIC and Cray computers. You'd have to be naive to think they wouldn't be good."

"I don't see us running away from them," said Team New Zealand's designer, Doug Peterson. "The boats are enough alike you should see some very close racing. But having two similar boats all season helped us, and we're the only team here that had that luxury."

What it means, he said, "Is you can go out and change sails, change rudders, change appendages, change sail trim, change your (keel) wings, and actually know if it's faster. When you do that, it gives the crew confidence."

By contrast, said Peterson, "The U.S. teams know a lot less about what makes their boat go fast."

Still, no New Zealander expects anything but a close race. If they should break out of the starting box and find to their chagrin that after all the testing, they're still only even in speed, only then would they turn to the one variable they've been able to test in actual racing conditions, where trial horses are not allowed.

Blake's red socks.



Larry Johnson was buried under the ball, teammate Alonzo Mourning and the Bulls' Toni Kukoc as the Hornets were put away, 85-84.

Lakers, Bulls and Knicks Gain Semis

Compiled by Our Staff From Dispatches

The Seattle SuperSonics didn't think it could possibly happen again. It did.

They have been ousted in the first round of the National Basketball Association's playoffs for the second year in a row. Last year, they were the eighth-seeded Denver Nuggets in five games. This year, it was the fifth-seeded Los Angeles Lakers in four.

In what might have been the longest postgame soliloquy given in the short time by a losing coach, George Karl said after the 114-110 loss at the Forum on Thursday night:

"I'll be O.K., guys. I'm fine. I am fine. I'm the same as I've ever been. What have I done wrong? Why do I have to be ashamed? I didn't make a good decision? Good. Fire me! I've given all I have to give. I care. I like these guys. I like coaching these guys. Go mess with someone who doesn't care. Go mess with some of the frauds out there, man."

Karl, who could be fired, might quit first. The Lakers, on the other hand, will meet San Antonio in a best-of-7 Western Conference semifinal starting Saturday in the Alamodome.

While the Sonics could blame only themselves, the Charlotte Hornets blamed the officials for an 85-84 loss to the Bulls. Stung that a call wasn't made in the final seconds, the Hornets charged that the NBA's desire for a Michael Jordan-Shaq O'Neal second-round matchup skewed the officiating.

"They want to see the Bulls and the Magic," center Alonzo Mourning said.

But the Bulls would have to wait to see whether Orlando, leading its series with Boston by 2-1, could finish off the Celtics on Friday night.

The low-scoring, slow-moving New York-Cleveland series

NBA PLAYOFFS

came to an end with the Knicks' 93-80 victory. Their Eastern Conference semifinal with Indiana opens Sunday in New York.

For a game at least, the Forum was transported back to the days of "Showtime" as Nick Van Exel, the diminutive guard, scored 34 points, played every second and kept the tempo swift.

"We did something nobody believed in the beginning of the season," said the Lakers' center, Vladi Divac. "We are big underdogs against San Antonio, but anything is possible."

The Sonics led nearly the en-

tire game, then were did in by a terrible shot selection.

The Lakers took the lead for good on Elden Campbell's two foul shots with 31.8 seconds left. Sam Perkins, who once played for the Lakers, then missed a long jumper, and Gary Payton fouled Cedric Ceballos, whose two free throws made it 112-108.

Then Divac made one of two free throws for the final margin, while the Sonics missed on two jumpers in the waning seconds.

Bulls 85, Hornets 84. Jordan, although he hadn't shot well, scored seven of his team's last nine points, and the Bulls sweated out a last-second reverse layup by Charlotte's Hershey Hawkins as they survived a third-quarter collapse to win the series, 3-1.

His teammates gave Jordan some help this time, as Scottie Pippen also got 24 points and

Toni Kukoc added 21, plus 10 rebounds.

Jordan, who missed 13 of 21 shots, got the last of the game's points and his 24, and on two free throws with 1:07 to go.

Missed shots and mad scrambles later, Larry Johnson's 17-footer bounced off the rim with about eight seconds left, but the Hornets got the rebound and called time out. Johnson then put up a 20-footer that was short of the basket.

Hawkins grabbed the ball, but his reverse layup went off the rim on the right side. Dell Curry put in the rebound, but time had expired.

Hawkins insisted he was fouled from behind by Jordan. "This game was taken away from us," said teammate Mourning, who had 20 points and 13 rebounds.

Knicks 93, Cavaliers 80. Derek Harper scored 30 points as the Knicks' guards kept the pressure off the big men by sinking 13 3-pointers: 7 by Harper, 5 by John Starks and 1 by Greg Anthony.

Harper's seven were a team playoff record, and one shot of matching Dan Majerle's NBA playoff record.

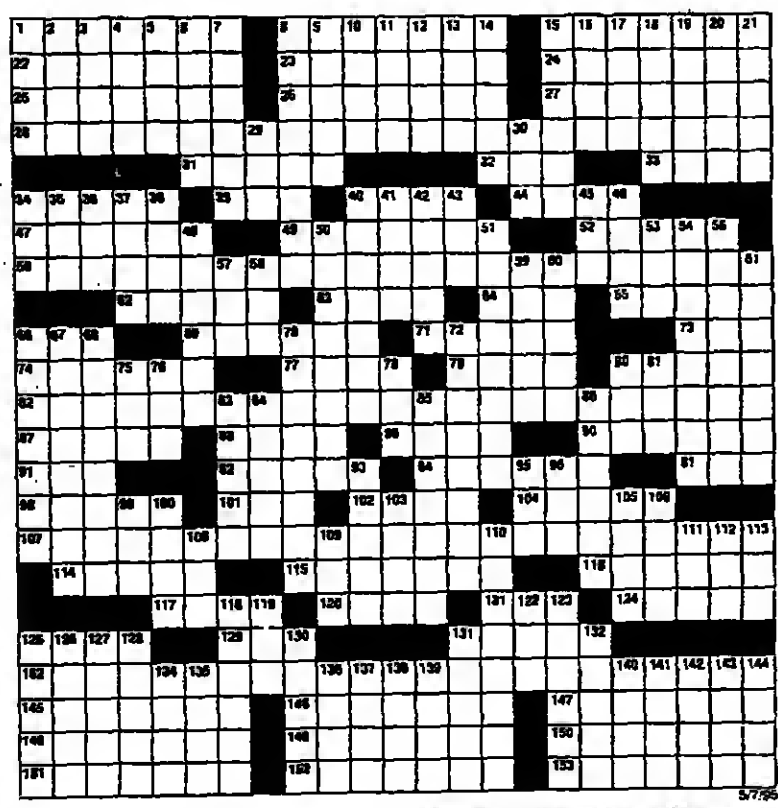
Patrick Ewing, bothered by a sore calf, picked up his fourth foul early in the third quarter but still got 13 rebounds although he was held to 9 points.

The Knicks next meet a familiar opponent, having ousted the Pacers from the playoffs the last two seasons.

"It's like a boxer before the main event," said Charles Oakley, told that the Pacers wanted to play the Knicks. "They want to rumble? We'll rumble." (AP, NYT)

WORLD WAR TRUE! By Bob Klahn

- ACROSS
- Actor Cage
 - Mosaic piece
 - Belabors
 - "Hubba-hubba" to floor
 - Accepted as payment
 - Poe poem set in a "ghost-haunted woodland"
 - Ran out
 - To the extent that
 - The German troops' marching song was adapted from
 - Purposeful
 - Miss-named
 - Rose hip and Red Zinger, e.g.
 - Chelchov's "Uncle"
 - Goddess of night
 - Province of
 - Litium
 - 60's satellite series
 - Luck horns with
 - Puck antedotes
 - Bedroom community
 - Hilary's blazoring theory was based on the
 - go, into the
 - Switch
 - Miss
 - Bira
 - Contemporary
 - Gaping opening
 - Ruins
 - Field marshal
 - Play by E.E. Cummings
 - Author Robbie Grillet et al.
 - Puts away
 - Common
 - Market money
 - Page of music
 - The first non-Schubert to receive Britain's Dickin Medal for Gallantry was a
 - Din
 - Glamour competitor
 - Hooks up
 - Leaning
 - Solecize
 - Model's makeup, often
 - One who nestles in a bed
 - Onomax V.I.P.
 - Quarter back
 - Letter from Athens
 - Red letters
 - Author James and others
 - Negotiations leading to the surrender of German troops in Italy
 - Plethoric angry
 - "CHB" chap
 - Capital on the Tamul River
 - Okinawan seaport
 - Blue hue
 - White pages
 - 1976 Beach Boys tune
 - Refugees
 - "Prince" (Aladdin) song
 - Pretend to be
 - promoted
 - V-for-Victory in musical Morse code by frequently broadcasting
 - Pennsylvania Railroad city
 - Flower petals, collectively
 - 60's TV western
 - French auto
 - Biblical liar
 - Blue books
 - Letter from there, to Pierre
 - Nerve impulse point
 - Fishermen's patron
 - U.N.W.N.
 1. Tiniest bit
 2. Oscar winner as Lorena Castorin
 3. One of five Norwegian kings
 4. Priest of the East
 5. Argus-eyed
 6. Turn blue?
 7. Bernard Malamud Pulitzer winner, 1957
 8. Wind-borne
 9. Catch
 10. Year in school
 11. Once, once
 12. Wreck of the Hesperus cause
 13. Mix with, as seasonings
 14. Sudden silences
 15. Cuts
 16. Disputable people, for short
 17. Pignail
 18. Groundswell
 19. D-Day
 20. They're for the birds
 21. They're for the birds
 22. Cautionary sign
 23. "I didn't know that!"
 24. Profession
 - V-mail address
 - "All Things Considered" network
 - Raid the refrigerator
 - Try, try again?
 - Safety elevator inventor
 - Mokwa ("Hawthorn" bear)
 - "Oh! de" Cologne
 - Uncle's mate
 - Patrician org.
 - Maniacal leader
 - Former Ford
 - Opposite of seek
 - Hall and Oates' "Smile"
 - Morales of "La Bamba"
 - "M*A*S*H" Emmy winner
 - Pure efficiency
 - Helpful PC key
 - Clicked climax of a movie thriller
 - Photo
 - Snaz Bearcat
 - Cartoonist
 - Morro Castle site
 - Brighton brew
 - Laugh and a half
 - Scott Turbow book
 - Company co-founded by Akio Morita
 - Olly's biggest friend
 - Hebrides island
 - Impertinent
 - Play thing
 - "I have seen war" — war?
 - Strike out
 - Congential
 - 1945, for one



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Competing in Atlanta's Unofficial Games

By Jerry Longman
New York Times Service

The 1996 Summer Games in Atlanta are still 15 months away, but fierce competition already has begun in the unofficial sports of ticket roulette, hotel price gouging and the long-distance commuter relay.

Getting tickets to at least one of the 542 sessions in 26 Olympic sports will be a piece of cake. Tickets went on sale Monday, with 11 million available, more than the combined totals of the 1984 Los Angeles Games and the 1992 Barcelona Games.

And now for the fine print. Getting tickets to preferred events such as opening and closing ceremonies, swimming, men's basketball and women's gymnastics will be a challenge. An even bigger challenge will be finding a hotel room in downtown Atlanta.

Olympic and consumer affairs officials are committed to keep price gouging to a minimum. But spectators who do find a hotel or apartment or home outside the Olympic housing network will have to navigate an obstacle course of profiteers, the most exorbitant of whom are seeking \$350 a night for a hotel room that normally goes for \$79, \$10,000 a month for a one-

bedroom condominium and \$150,000 for two weeks in a rented house.

At these Centennial Games, a road atlas may be as valuable as a ticket. Many spectators will have to commute from outlying cities, even outlying states. To alleviate the housing crunch, there are also plans to fly spectators in for the day from Chicago and New York.

There is a good possibility of getting a high-profile ticket, said Harvey Schiller, president of Turner Sports in Atlanta and formerly the executive director of the U.S. Olympic Committee. "If you want to go to the opening and closing ceremonies, gymnastics and swimming, I don't think you'll get all that. At the same time, if you want to see handball and also gymnastics, I think you have a chance."

Atlanta officials are encouraging fans to make a wide variety of requests for tickets.

For those determined to see the glamour events, \$50,000 will buy a Patron package that includes a pair of tickets to the opening and closing ceremonies, as well as 30 other highly coveted sessions.

But tickets will be easier to come by in Atlanta than hotel rooms. As of February, 80 percent of the 55,000 hotel rooms in the metropolitan area had been reserved for

international Olympic officials, sponsors and members of the news media.

Thousands of ticket-holders will be faced with the prospect of daily commutes from satellite cities such as Birmingham, Alabama, (161 miles; 259 kilometers) and Chattanooga, Tennessee, (120 miles).

Organizers are creating an Olympic housing network for the distant traveler. Ten thousand private homes and 3,000 apartments and condominiums are now in the network, with prices ranging from \$150 to \$425 a bedroom a night.

As evidence of price gouging by tour operators has surfaced, Atlanta officials have reminded hoteliers of a 1994 Georgia law that allows hotels to charge no more than their 1994 rate plus 5.7 percent for inflation during the Games.

Spectators cannot be forced to reserve rooms before and after the Olympics, and the price of the room must be separated from other services in any tour package, according to the law. The fine for excessive rates is \$1,000 a room, officials said.

"Despite anything you may have heard or read to the contrary, this Olympic effort in Atlanta is not about how much money can be made," Billy Payne, the chief Olympic organizer, said recently.

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(Continued From Page 5)

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DAVE BARRY

Importance of White Socks

MIAMI — This topic was suggested by a letter from John Cog of Norfolk. Here's the entire text:

"How come when I'm standing in front of a full-length mirror with nothing on but socks, white socks look O.K., but dark-colored socks make me look cheap and sleazy?"

This letter was passed along to me by my Research Department, Judi Smith, who attached a yellow stick-on note that says: "This is true." Judi did not say how she happens to know it's true; apparently — and I'm sure there's a perfectly innocent explanation — she has seen John Cog of Norfolk wearing nothing but socks.

But the point is that dark socks, as a lone fashion accessory, create a poor impression.

This is a known fact that has been verified in scientific experiments wherein fashion researchers put little white socks on one set of naked laboratory rats, and dark socks on another, then exposed both groups to a panel of leading business executives, such as Bill Gates, who indicated that they would be "somewhat more likely" to hire from the white-sock group, should their personnel needs ever include a rat.

What this means, men, is that if you're dressing for an important job interview, church supper, meeting with my Research Department or other occasion where you could wind up wearing nothing but socks, they should be white.

Likewise, if you're going to be wearing just your underwear, you should always tuck your undershirt way down into your underwear. This is the "look" favored by the confident, sharp-dressing men found in the underwear section of the Sears catalogue.

These men live in Sears Catalogue Men's Underwear Town, where all the residents, including on-duty police officers, wear only underwear. All the residents are always in a good mood because they live only a few pages away from Sears Catalogue Women's Underwear Town, which is occupied by hundreds of women who stand around all day wearing nothing but brassieres and underpants and thinking of nothing of it.

The happy mood in Sears underwear towns stands in stark contrast to the mood in Calvin Klein Perfume-Ad Town, where you'd THINK people would be ecstatic,

because they're always writhing around in naked coeducational groups like worms in a bait bucket, but they always have troubled expressions on their faces, as if they're thinking: "SOMEBODY in this coeducational group had Mexican food for lunch."

One last underwear tip: No doubt your room always told you that your underwear should be clean and free of holes or stains, because you might get in an car crash and be taken, unconscious, to the hospital, and people would see your underwear and possibly ridicule it. Your mom was absolutely right, as we can see from the following untouched transcript from the emergency room of a major hospital:

DOCTOR: What do we have here?

NURSE: We have a car-crash victim who has severe head trauma and a broken neck and massive internal injuries and is spewing blood like a fire hydrant.

DOCTOR (briskly): O.K., let's take a look at his underwear... WHOA! How do you get Cheez Whiz THERE?

Our final fashion tip for meo concerns those special occasions when, for whatever reason, you want to wear something on top of your underwear. What style of clothing is right for you? The answer — taking into consideration your particular age, build, coloring and personality — is: "clothing that has been picked out by a woman."

Men are genetically programmed to select ugly clothing. This dates back millions of years, to when primitive tribal men, responsible for defending their territory, would deck themselves out in face paint, animal heads and nose bones, so as to look really hideous and scare off enemy tribes. If they had somehow gotten hold of modern golf clothing, they would have ruled the rain forest.

In conclusion, men, please remember that the fashion tips contained in this column are just the "basics." To learn more about the current men's fashion "scene," get a copy of Esquire or GQ magazine and study the ads and articles presenting the latest styles, making a mental note to never, ever wear any of them, because unless you're a male model, you'd look stupid. Just wear a regular blue suit like everybody else and try to have both shoes the same color. You can get that Cheez Whiz out with bleach.

Knight-Ridder Newspapers

Kusturica Goes for Third Hit at Cannes

International Herald Tribune

PARIS — In 1985, an unknown Yugoslav director named Emir Kusturica, age 30, slept on an office floor at the Cannes festival and awoke to find himself famous when his film, "When Papa Was Away on Business," won the Palme d'Or. Four years later he won the director's award for "Time of the Gypsies." This year he will be back, in a large villa, with his new film, "Underground."

Neither Kusturica nor his producer knows if there is any prejudice in Cannes against a director winning a third time. "We have no prejudice," Kusturica points

MARY BLUME

out cheerfully. He is a burly, hairy, fragile man proud of being logical, which is often really a confession to being dangerously out of step. A certain loopiness gives yeast to his tightly observed films.

"What I am trying to do with my films is anticipate moviemaking of the future which I see as a kind of home movie, very personal in which the author is playing like a child. Otherwise directors are not needed, you just need stage managers."

Epic in scale and length (three hours), "Underground," on the basis of footage assembled in the race to be ready for Cannes, is as funny and tender as Kusturica's earlier works, shimmering and deeply cinematic (he sees it in part as a homage to Fellini and Tarkovsky).

It begins with the bombing of Belgrade on April 6, 1941, and ends with a new war in 1991. Marko, a small-time criminal, saves his friends, including a partisan named Blacky, by hiding them in a cellar but keeps them there for 30 years by telling them that World War II is not over. A peaceful underground city is organized, with three churches and a thriving arms industry which Marko traffics above ground. He also plots to see that a monument is raised to the "deceased" Blacky.

When Marko's manipulation is discovered and Blacky breaks out, he finds himself on a film set where his supposed wartime heroics are being re-enacted. But he doesn't know it is a film and so he shoots the Yugoslav extras playing Germans.

Blacky's rampage, Kusturica says, reflects the war in former Yugoslavia today, which he sees as the result of "the unfinished war of 1945." If Tito is to him the invisible villain, we all, Kusturica argues, live underground, or in the dark, because other people govern our lives.

Cahiers du Cinéma reliably sees in the metaphor a reference to Plato's cave as well as to Sleeping Beauty and Tarzan. "Underground" also expresses Kusturica's claustrophobia in our modern depersonalized world. And of course there is the political dimension: "Underground" opens and closes with the phrase, "Once upon a time there was a country."

When he hit the international film scene a decade ago Kusturica was a Yugoslav director. Sarajevo-born of a nonpracticing Muslim background, he is now considered



Emir Kusturica: A World War II tale.

a Bosnian which makes him wild. Not for him the confining and restrictive constraints of nationalism: "I was born a Yugoslav and I am going to die a Yugoslav. Multicultural Yugoslavia was destroyed to make multiethnic Bosnia. It doesn't make sense, it doesn't make sense to anyone who loves Yugoslavia as a multicultural place. I lived in a country where my favorite film was Croatian, my favorite books were coming from Serbia. My films grew in an atmosphere of a Sarajevo that was really multicultural."

"Now I have to be someone whose heart is beating only for Bosnia or Herzegovina. I don't have anything against them but I don't see myself incorporated into this because I am so deeply Yugoslavian inside. This film is a testament to the country I was brought up in."

He sees the Markos of the present war not only as local profiteers but as Westerners using the war to burnish their image. He has spoken out so much ("my language is the language of pure logic" that he says he would be killed were he to return to Sarajevo. He lives with his wife and two children in Normandy after three years at Columbia University where, thanks to his friend Milos Forman, he taught film, trying, he says to instill "existential illusions about life, which is perhaps not exactly fitting into the film industry."

Perhaps not. His one foray into the American film industry was "Arizona Dream" with Faye Dunaway and Johnny Depp, which was never released in the United States. This was a disappointment but Kusturica says, "I am not angry about it because I don't die for my films. I die while I'm doing them."

Jean-François Fontaine, head of CIBY 2000, the French company which produced "Underground" as well as films by Amador, Bertolucci and David Lynch, says that he is proud of "Underground" and of Jane Campion's "The Piano," although the shooting was fraught. "You have to bend to Emir and let him be." The problem, says Kusturica, is his own self-doubt.

"I always start a new movie and think I'm not talented. Each time I think I'm starting from zero. That I don't have a solid ground. You know those stars who say we had such fun. How can moviemaking be fun? It cannot. You are making a huge structure, like a house, you have to clear the ground and lay the floor and build walls. The corridors, the rooms, the windows. It can't be fun. It can be fun if you're part of the industry but if you're an author it cannot be fun."

The good part comes with the audience. "The moment I see that my film makes people happy, laughing, sad, produces a wide scale of human reactions, then I'm the happiest man in the world."

Kusturica has been labeled a magic realist and although he is not a man for labels this particular one has the merit of suggesting his longing for naturalism. "I think the major path is to avoid the naturalism that the movie industry and TV push you into." He finds it odd that when you go to the cinema you see what is really a TV movie and when you go home and turn on the TV you see "a beautiful old film that is really a film."

"I hate so much to see movies in which someone opens the door, gets in the car, closes the door, comes into the home. In 95 percent of the movies I cannot make the difference between them and furniture or cars. But it's the reality and you have to live with it, so whatever you can do as a filmmaker by giving a certain tenderness and hope, by making them laugh and be sad, that's the best you can do."

Kusturica says, as few filmmakers would dare say, "I always thought the ultimate aesthetic aim of the artist is to make people happy." The word happy in his voice suggests reconciliation and hope rather than joy. The very last words in "Underground" are, "This tale has no end."

"No end in the sense of parallel sides, sad and funny, tragic and comic. If we don't understand this we could be trapped by those people who are always manipulating us and putting us in their cellars. So somehow at the same time we have to be skeptical and hopeful."

"People today are so concerned with the present moment they don't have this kind of look into eternity that you have to have as a human being. If you're an artist you have to aim at a certain scale that you have to reach, not to be rich, empty and unhappy but to have this wish to go forward and believe that life is worth living."

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Europe

	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	20/27	14/27	8/27	18/21	8/21	18/21	18/21	8/21	18/21
Amsterdam	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Athens	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Berlin	20/27	14/27	8/27	18/21	8/21	18/21	18/21	8/21	18/21
Brussels	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Budapest	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Copenhagen	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Dublin	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Edinburgh	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Frankfurt	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Geneva	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Helsinki	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
London	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Madrid	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Moscow	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Nice	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Paris	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Rome	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Stockholm	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Toronto	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Warsaw	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Zurich	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24



North America
Dry weather will span the East Coast. Sunday will start chilly, but warming will take place early next week. Rain will reach Chicago and Sunday of Monday and Toronto 24 hours later. Severe storms will break out in the Midwest while Los Angeles turns dry and warmer.

	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	20/27	14/27	8/27	18/21	8/21	18/21	18/21	8/21	18/21
Amsterdam	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Athens	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Berlin	20/27	14/27	8/27	18/21	8/21	18/21	18/21	8/21	18/21
Brussels	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Budapest	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Copenhagen	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Dublin	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Edinburgh	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Frankfurt	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Geneva	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Helsinki	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
London	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Madrid	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Moscow	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Nice	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Paris	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Rome	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Stockholm	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Toronto	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Warsaw	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Zurich	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24

Legend: heavy, mostly cloudy, cloudy, showers, thunderstorms, rain, snow, sleet, hail, fog, ice, wind, waves. All maps, forecasts and data provided by Accu-Weather, Inc. © 1995

Asia

	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	20/27	14/27	8/27	18/21	8/21	18/21	18/21	8/21	18/21
Amsterdam	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Athens	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Berlin	20/27	14/27	8/27	18/21	8/21	18/21	18/21	8/21	18/21
Brussels	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Budapest	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Copenhagen	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Dublin	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Edinburgh	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Frankfurt	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Geneva	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Helsinki	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
London	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Madrid	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Moscow	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Nice	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Paris	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Rome	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Stockholm	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Toronto	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Warsaw	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24
Zurich	18/24	12/24	8/24	18/24	12/24	8/24	18/24	12/24	8/24

Most of Japan will be mild with no more than spotty showers. Korea will also be mild, but showers and thunderstorms may become widespread by Tuesday. These showers will also affect Beijing, Hong Kong and Singapore will be warm to hot with spotty showers or thunderstorms.

Europe
Wet, cool weather will spread from England through Germany and Denmark, the Netherlands and southern Scandinavia. Showers will also dampen parts of Spain and Portugal. In France, the showers will pass quickly, followed by cooling. Italy will remain warm.

Asia
Most of Japan will be mild with no more than spotty showers. Korea will also be mild, but showers and thunderstorms may become widespread by Tuesday. These showers will also affect Beijing, Hong Kong and Singapore will be warm to hot with spotty showers or thunderstorms.

Denver	18/26	5/41	c	15/24	4/39	sh
Detroit	19/26	6/43	c	19/26	6/46	ch
Honolulu	26/32	21/70	c	25/34	22/71	
Houston	29/34	22/71	c	29/35	18/68	c
Los Angeles	18/24	5/48	ch	23/71	12/53	ch
Miami	32/36	23/73	a	30/36	23/73	ch
Minneapolis	15/29	10/50	c	18/34	7/44	sh
Montreal	13/25	-1/31	ch	11/32	1/34	ch
Nassau	32/39	23/73	sh	31/38	23/73	ch
New York	21/70	9/45	a	18/34	5/48	a
Phoenix	29/73	12/53	ch	26/79	14/57	a